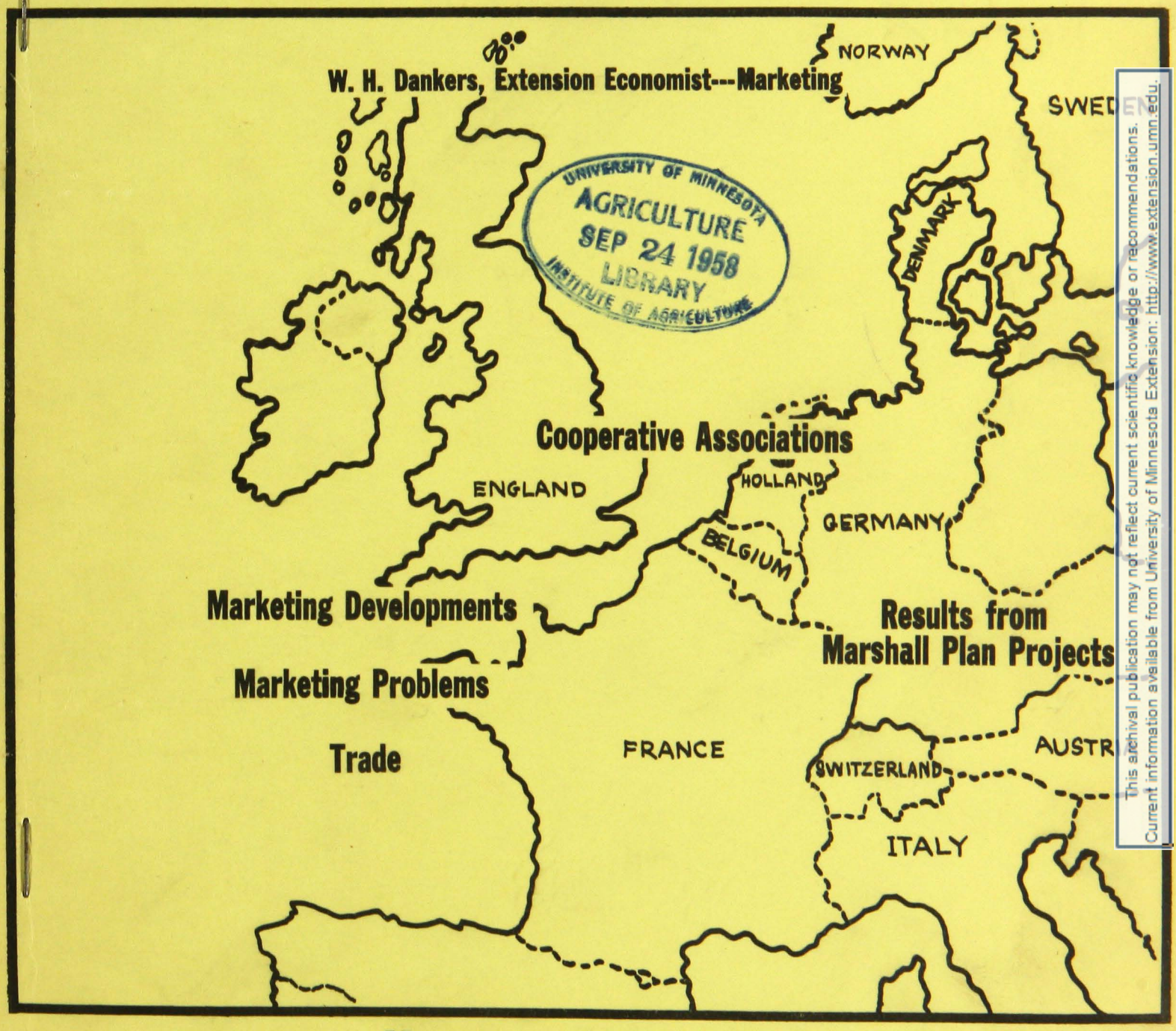
SEPTEMBER 1958

Report of a Survey and Study Tour in Western Europe

SUMMER 1957



University of Minnesota

AGRICULTURAL EXTENSION SERVICE

U.S. Department of Agriculture

CONTENTS

Report of a Survey and Study Tour in WESTERN EUROPE Summer - 1957

(Section I)

PURPOSE OF PROJECT AND GOAL

SCOPE OF PROJECT

METHODS AND PROCEDURES

TRAVEL

Dr. William H. Dankers
Extension Economist - Marketing
Agricultural Extension Service
University of Minnesota

INDEX

(Section I)

Purpose, Scope, and Procedure

1. Period of leave: July 1 - September 30, 1957

2. Purpose of project and goal - to observe, survey and study:

(a) Cooperative associations in Northern Europe, the reasons for their development, their historical background, their success, their weaknesses, and their special problems; and to make comparisons with the activities of similar associations in the United States.

This part of the project was mainly carried out in the countries of Sweden, Norway, Denmark, England, Belgium, Holland, and Germany.

(b) Agricultural marketing developments and marketing problems in Europe, including processing, packaging and distribution of food commodities, and to make comparisons with similar activities, and with the methods and procedures used in the United States.

This part of the project was mainly carried out in the countries of Sweden, Denmark, England, France, Holland, Belgium, Italy, Austria, and Germany.

(c) Results and longer time benefits from agriculture, educational and rural life projects which were developed or expanded by joint action of countries in Western Europe and the United States under the Marshall Plan (E.C.A., M.S.A., and F.O.A.)

This part of the project was mainly carried out in Germany because there seemed to be a lack of continuity in American as well as native personnel and a resulting lack of continuity in progress reports pertaining to such projects in the other "Marshall Plan" countries of Europe. Another reason was that this reporter had an active part in the initiation, development and execution of many of the Marshall Plan projects in Western Germany when he was Chief of Food, Agriculture and Forestry for the United States High Commission Government in Bavaria, Germany during the period of 1949-1951.

3. Scope of the project that was carried out during the leave period:

(a) Conferences were held with many specialists in the United States Department of Agriculture and the United States Department of State and with leadership personnel in National Cooperative Associations before departing for Europe, to gain from their knowledge and experience and to get suggestions regarding observations and studies that should be made. Conferences were also held with staff members and technical assistance committee members at United Nations Headquarters in New York.

(b) Observations, surveys and studies were made and conferences were held with native leaders and American Embassy personnel in Sweden, Norway, Denmark, England, France, Germany, Holland, Belgium, Switzerland, Italy and Austria.

The reporter still had vacation time coming in June of 1957, for the University year 1955-56 and as of July 1, 1957 had more vacation time coming for the University year of 1956-57. Some of the vacation time from both years was added to the "leave" time for carrying out the project so that it could be made as comprehensive and as effective as possible.

The departure from "home base" was on Sunday, June 16, 1957 so that conferences in Washington D. C. could begin immediately on Monday, June 17 and continue through the entire week. The week in Washington D. C. was a very busy one, and most worthwhile, in getting leads regarding contacts to be made and areas of work to be explored. The week in Washington D. C. was very worthwhile in itself, even if a European study trip had not followed. The suggestions varied of course with the agencies contacted and the individuals within each agency, as well as with their experience in Foreign Service and the particular country in which they had worked. At the end of the Washington conferences it was quite clear to this reporter that the project as outlined required much more than the available time and in fact would require at least three years instead of three months if <u>all</u> the areas of work were to be explored, and all

the groups and individuals were to be contacted that had been recommended in Washington.

Conferences were held in Washington D. C. with personnel in the Federal Extension Service, Farmer Cooperative Service, Agricultural Marketing Service and especially the Foreign Agricultural Service in the United States Department of Agriculture. Conferences were also held with personnel in the International Cooperation Administration and the Specialists Exchange Division of the U. S. Department of State. Further excellent help on cooperative associations was obtained through conferences with personnel in non-governmental agencies, including the American Institute of Cooperation, the National Council for Farm Cooperatives and the Cooperative League, all with headquarters in Washington D. C.

This reporter wishes to express his deep appreciation and many thanks to all the individuals and agencies that provided such excellent advice and many most worthwhile suggestions.

Conferences at United Nations headquarters began immediately on Monday morning, June 24, and continued through Wednesday, June 26, before departure for Paris, France. Here at United Nations like in Washington D. C. the visit made, and the conferences held were most valuable and worthwhile by themselves. However, they were even much more worthwhile because the European study tour followed. The United Nations visit included several conferences with Mr. Clark Eichelberger, Executive Director of the American Association of the United Nations regarding efforts of the United Nations, and the disarmament conferences, and a tour through United Nations headquarters, personally guided by Mr. Eichelberger. Of special interest and of real value was a special meeting with Mr. Cabanas (Mexican) who was the Deputy Director of the United Nations Technical Assistance Sekretariat and two members of his staff, one from Great Britain and the other from the United States, regarding the United Nations Technical Assistance program, and how it is dovetailed and coordinated with the United States

Technical Assistance program which is under the direction of the International Cooperation Administration. This was one of the basic reasons for the visit at United Nations headquarters. It was gratifying to learn that there is very little overlapping and that excellent multilateral technical assistance projects have been arranged under United Nations sponsorship, in addition to the many bi-lateral technical assistance projects that have been arranged and are being carried out by the United States International Cooperation Administration (I.C.A.).

It was on to Paris from New York on Wednesday, June 26 via Sydney, Nova Scotia, Canada, with arrival in Paris on Thursday afternoon, June 27.

The suggestion had been made by both the Federal Extension Service and the International Cooperation Administration in Washington D. C. that "you must attend the Western European Agricultural Advisory Meeting (Agricultural Extension Meeting) in Paris on Friday, June 28." Arrangements were made through the Paris office of I.C.A. and this meeting was attended at the Chateau de la Muette in Paris. Mr. J. V. Kepner, Associate Director, Federal Extension Service, Washington D. C. spoke on "Widening the Scope of Agricultural Advisory Work" and Dr. H. Rheinwald from the University of Hohenheim, Stuttgart, Germany spoke on "Evaluation of Agricultural Advisory Work". Much group discussion followed the formal presentations. The subject matter was directly along the line of this reporter's project because much time was devoted to discussing the need for stepping up and expanding Agricultural Extension work in the field of Marketing, including Consumer Marketing. It was very interesting to hear the reactions of representatives from Spain, Italy, Greece, France, Ireland, Denmark, Norway, and Sweden to the U. S. presentation of "Widening the Scope of Agricultural Extension Work", many of which were quite negative, including the suggestion that it was beyond Extension's scope of possibility as well as responsibility. A special note of interest was the more favorable reaction from representatives in the countries of Europe where the U. S. has probably done more work, such as Germany, Austria and Greece. The Germans very obviously came closer in their thinking to the U.S.

perspective and goals than the representatives from any of the other countries. To one who had participated in the earlier occupation and recontruction programs in Germany under the U. S. High Commission Government, this was most gratifying. It was an indication that some of the earlier ideas and programs and especially those pertaining to Agricultural Extension education, which were then rather reluctantly and even suspiciously applied and adopted, had not only become deeply rooted, but were being expanded and considered very important in the economy of the country. Quite unexpectedly, here was a very early indication, while enroute on this European study tour, that some of the earlier Marshall Plan efforts have been and are really bearing fruit. More will be mentioned about this later in the report.

Conferences were held at the United States Regional Organization - I.C.A. Office at 2 Rue Florentin in Paris. A suggestion had been made by a representative of A.M.S. in Washington D. C. who had been a former Foreign Agricultural Service employee that "you must visit the Paris and other public markets of Europe." The Paris I.C.A. office cooperated in making the arrangements for this reporter to visit the Paris public food market at a later time during the summer. Considerable time was also devoted to an exchange of ideas regarding the effect on the overall marketing situation in Western Europe as well as the effect on United States - Western European trade "now that the people of Western Europe are at a level of income and a level of living where they could afford a much higher protein diet." In this respect, I.C.A. representatives emphasized that consumption habits and human diets are but very slowly changed even though income, nutrition and even food quality are all favorable for a change. The comment was made "it is most difficult to get the idea across to people in Western Europe that they need a higher protein diet. They are so used to a cereal diet that they are still plowing up grasslands for cereal production that should no longer be used for that purpose." Ideas were also exchanged regarding the merits and the problems of the International Persons Exchange program between countries.

I.C.A. representatives were firmly of the opinion, and the writer concurs, that the money spent by I.C.A. and by other public as well as private agencies in furthering this program is money that is well applied in developing and maintaining favorable international relations and world peace. Because the scope of the Persons Exchange program is more limited than in the earlier post war years, the question was raised as to whether some of the local currencies which have been, and are, accumulated by the United States under Public Law 480 programs couldn't be more effectively used if it would be permissable to apply them in re-expanding the Persons Exchange program - to cover transportation and other costs that would not necessarily require dollars.

Following the Western European Agricultural Advisory Meeting, and the initial conference at the United States Regional Office - I.C.A. in Paris, the next step was to establish headquarters for the study tour period at Mehlemer Aue, Bad Godesberg, (Bonn) Germany. This was an essential item in making the most of the opportunities at hand, and maximizing the use of the allotted time. The writer was especially fortunate in obtaining full cooperation from the Foreign Agricultural Service in this matter both from headquarters in Washington D. C. and from the Office of the Agricultural Attache in Bad Godesberg, Germany. He would like to express his deep appreciation and thanks to Mr. Gwynn Garnett, Administrator, Mr. Gordon Frazer, Dr. Paul Quintus and many others then on the staff of the Foreign Agricultural Service in Washington D. C. and especially to Dr. Philip Eckert, Agricultural Attache and his entire staff at the Office of the Agricultural Attache, American Embassy, Bad Godesberg, Germany. A project with as broad a scope as the one carried out by this reporter would be next to impossible if one could not have central headquarters. The arrangements for such headquarters are actually a must, before such a project is undertaken. Even under the existing circumstances, with favorable headquarters, one of the factors that decidedly slowed up this reporter in arranging schedules and carrying out this comprehensive program was the lack of secretarial help. A schedule of this kind in eleven coun-

tries cannot be completely mapped out beforehand, because a conference with one person, or one group, in a given place frequently leads to other worthwhile sources of information, and to items and places that one should see and study. To arrange the schedule more or less "as you go" requires much correspondence with both native leadership and with the Americans at American Embassies. The problem of not having secretarial help was a very major one even with favorable central headquarters, but it would have been doubly problematical to arrange schedules, to be reached by others,and to make much of any progress with the comprehensive project without secretarial help, if there had not been a central headquarters.

The method of travel in connection with this study tour may be of interest. A German Volkswagen was purchased and became available to the writer in early July. It was used to the extent of over 8,000 miles in carrying out part of the project and even then was driven only in Holland, Belgium, Switzerland, Austria, and Germany or in a total of 5 out of the 11 countries. Train travel was used in Italy, and air travel was used in the northern countries and France. The use of a local vehicle is highly recommended for the necessary travel in carrying out this type of a project.

A shift will be made at this point in the report away from the more or less chronological, to a separate report on each of the major phases of the overall project.

Report of a Survey and

Study Tour in

WESTERN EUROPE

Summer - 1957

(Section II)

COOPERATIVE ASSOCIATIONS

1. Meetings

2. Tours

3. Lectures

4. Conferences

Dr. William H. Dankers
Extension Economist - Marketing
Agricultural Extension Service
University of Minnesota

INDEX

(Section II)

Cooperative Associations in Europe - Observations and Study

The contacts with cooperative associations and with leaders in the cooperative movement in Europe were made in four different ways: (1) attendance at the International Cooperative Alliance Congress in Stockholm, Sweden, and the International Cooperative Science Meetings in Erlangen, Germany, (2) a tour in Sweden, Norway, Denmark, England, Belgium and Germany with an American tour group of about 25 people, to visit regional and local cooperative associations; with the directorship and management as hosts in most of these countries, (3) a lecture tour on "Cooperative Associations in the U. S. and Europe" which was supplemented by questions and answers, and group discussion and (4) many conferences and personal visits with the directorship and management personnel of cooperatives.

Before a report is made on each of these phases it is well to set forth a few of the fundamentals of the Cooperative movement and of Cooperative Associations in Western Europe, and how they compare with those in the United States. The comparison with the United States is strictly limited to the area of Europe which is west of the "Iron Curtain" because there is strong evidence that in the eastern area the "so-called" cooperative associations, are merely cooperative associations in disguise, and are in effect an arm of the Communist government. Examples of this will be given later in the report.

Cooperative associations, and the cooperative way of doing business are much older in Europe than in the United States. Further, the early efforts in this direction in the United States were patterned after European methods. In many instances the ideas that prevailed in Europe regarding cooperative associations were brought directly to the United States by the pioneers of European stock. One can therefore assume a definite similarity, and from that point on try to find the comparatively minor differences that have developed during the last century, not only as between the situation in Western Europe and the United States, but between the situation in the different countries within Europe.

The Rochdale weavers in England are still considered some of the early fathers of the cooperative movement in Europe and have long been referred to as the Rochdale Pioneers. They opened their first cooperative shop in 1844. This was a consumers cooperative and herein lies a difference in the history of the cooperative movement in England and Germany. The first cooperative credit associations in Germany were organized by farmers. However, the principles of cooperation and the early provisions set forth by the Rochdale Pioneers were followed in all the other Western European countries, including Germany. As far as the writer was able to observe, these provisions still remain as the basic principles in all cooperative associations in the Western European countries, and for that reason they should be included as an important part of this report.

(a) The local associations shall have an open membership - open to all who wish to join.

(b) Each member shall have only one vote, regardless of the amount of capital furnished.

(c) Any margins shall be returned to the member-patrons in proportion to the business done (patronage) during the year.

(d) The final decisions regarding business policy, administration, and the association's operations shall rest in the hands of the member owners so that the cooperative association is an economic democracy.

(e) Political and religious neutrality shall be strictly observed.

There was no indication that cooperative associations followed a completely different set of principles or that there was any gross departure from the basic Rochdale principles. There was indication of some variation, but some variations and departures can also be found among cooperative associations in the United States. It bears repeating that the basic philosophy and the basic principles of cooperative associations in Western Europe and the United States are very similar. However, there are some differences that seem quite significant to which

reference will be made later in the report.

1. The International Cooperative Alliance Congress in Stockholm, Sweden was a rare and worthwhile experience. In attendance as delegates, or as interested listeners and professional workers like this reporter, were people from practically all over the world, including some Russian Communists and people from a number of Communist satellite countries. The philosophy that was expressed regarding cooperative associations and the cooperative movement was very much the same among representatives from the Western Democracies, however, a definite cleavage between the delegates from the Western Democracies and the Communist bloc was most obvious. It was also obvious that some countries like Italy and Japan had "split" delegations with the one element upholding the desires of the Communists. No effort will be made in this report to go into the various phases of cooperation and cooperative associations such as methods and procedures in organization, financing, types of activities, business management and control, because it would be a most lengthy report.

The International Cooperative Alliance Congress provided an excellent example of what the President of the United States, the Secretary of State and his special representatives, and other United States Diplomats have to contend with at the various high level meetings with the Communists. Representatives of the Communist bloc would get completely away from the discussion of the Cooperative movement and Cooperative Associations, and the specific subjects pertaining thereto which were supposed to be under consideration at the time, and instead would talk about everything they figured might help their Communist cause. It was quite obvious that those who were there as delegates were in good standing and had the support of the Communist leadership back home. This was indicated by the nature of the report which quite apparently had received much preliminary attention and had been carefully written at "home base", as a means of keeping the Communist "best foot" forward. It was a bit amusing when the Chairman who was one of the delegates from France would use his gavel and tell the speaker

that he was not talking on the subject that was supposed to be discussed at the time.

There was a heated argument over membership in the International Cooperative Alliance. Like in United Nations and other International meetings the Communist delegates urged that increased membership be permitted from the Communist bloc. Western representatives suggested that the Communist bloc did not really have Cooperatives, but were calling Government sponsored activities "Cooperative Action", and consequently were giving a distorted picture of the membership, and the services performed, by cooperative associations in their countries. For example, collectivitized farming was referred to as farming done through cooperative associations, even though the individual farmer has little if any choice as to whether his farm shall be operated this way. The following is a quote from The Czechoslovak Co-operator, "The basis of development in agricultural production is a socialist transformation of the village, which actually means the building of Unified Agricultural Cooperatives. By the end of 1956, these cooperatives had been joined by 240,660 agricultural establishments and already cultivated 46.4% of the land."

This reporter was most favorably impressed and would like to congratulate the United States delegation on the exceptionally firm yet very diplomatic stand that was taken regarding the distorted picture of membership in Cooperatives in the Communist countries, and the attempt on the part of Communist delegates to bring their satellites in as members in the International Cooperative Alliance. It was emphasized and re-emphasized that the International Cooperative Alliance was founded by cooperatives throughout the world that had adopted the Rochdale principles as their fundamentals. These principles were reviewed at the meeting, with the suggestion that cooperative association membership in the Alliance should be limited, regardless of the country in which they are located, to those cooperative associations that can truthfully say that they have adopted, and follow the Rochdale principles. If enough countries continue to insist on adherence to

these principles then the cooperative associations in the Communist bloc countries do not qualify for membership in the International Cooperative Alliance. The trend seems favorable because the membership of the Executive Committee of the International Cooperative Alliance, which is comparatively large, included two Russians and one Czechoslovakian during the period prior to the Stockholm meeting. In the meeting at Stockholm in August 1957, one Russian member and the Czechoslovakian were replaced, so that only one Russian remains on the executive committee. The Executive Committee of the International Cooperative Alliance will operate in the interim and will plan the next International Congress, which will be held in India in 1960.

2. The International Conference on Cooperative Science in Erlangen, Germany was just as worthwhile as the meeting in Stockholm. The two meetings supplemented very well, and were planned that way. Operational personnel, such as directors and managers made up the largest part of the group at Stockholm whereas professional personnel, who are active in research, teaching and extension work dealing with cooperative associations made up the largest part of the group at Erlangen.

The Erlangen meeting was sponsored by the Institutes for Cooperative Research at the Universities of Erlangen, Frankfurt, Marburg, and Muenster, Germany and the University of Vienna, Austria. The formal speaking staff included specialists from Finland, Sweden, England, Holland, Switzerland and the United States, which indicates that this meeting was also international in scope. Much time was devoted to statements from representatives of the various countries, to questions and answers, and to general group discussion. A report of this meeting will be prepared in several languages and will be available to those who may desire it, by writing to Prof. Dr. J. M. Back, Direktor, Forschungsinstitut fur Gennossenschaftswesen, Universitat Erlangen, Erlangen, Germany. No effort will be made here to provide the detail that was presented at the meeting sessions. Some highlight statements and reactions from the various countries may reveal

some of the thinking and some of the philosophy regarding the role of cooperative associations in these countries.

Germany - Professor Seraphim from the University of Muenster emphasized that the basis for cooperative associations is economics, and that cooperative associations predominately have an economic aim in the Federal Republic of Germany (West Germany), like they have in the Scandinavian and Benelux countries and in the United States. The economic aims can be supplemented by other considerations. He expressed concern that special groups have tried to use cooperatives in their own interest. A cooperative association does not always exist in its "pure" form because it is hampered by (1) the attitude toward, and the understanding of the functions of a cooperative association by the membership, as well as the attitude of members toward each other. Frequently there is too much emotion and even hysterics rather than sound reasoning and this may lead to disintegration. With such an attitude or behavior the aim then is not truly one of furthering the functions of the cooperative for all member-patrons. (2) the attitude of the directorship and management. The best relationship between members usually exists when an association is small and the members are in close contact with each other. But this may be impossible and not rational because economic conditions may require the cooperative association to be larger. This places a large responsibility on the directors and the management to develop and maintain the proper member relations. This responsibility is assumed in varying degrees in the larger cooperative associations. In some instances it has led to a "manager's cooperative", which over the longer period usually leads to degeneration.

Professor Back from the University of Erlangen explored the role of Cooperative Associations in the total economy. He emphasized that organization from the top in a cooperative as well as complete "individualism" have not worked and have merely led to disaster. Another speaker suggested that cooperative associations provide a middleground between complete individualism and totalitarianism. To build from the bottom to the top is the only means of obtaining freedom and unity

said Professor Back, and individuals must have responsibility in order to be properly integrated into the total economic and social order. There is no longer class distinction, and the time has come when cooperative associations must take an active part in economic and social developments which will include the taking of risks. He referred to two periods of development of cooperative associations in Europe, namely the earlier period when farmers and consumers organized and developed cooperatives at the local level, and the more recent period when cooperatives were developed at the wholesale level which he felt might result in expansion to a national or even international scope, with auxiliary activities.

England - Dr. Watkins who is primarily active in the consumer cooperative movement in England reminded the group that individual and social responsibility is a requirement in a cooperative association. Further, that there is much to be done in consumer education so that there is more knowledge of consumer economics. This he said will help consumers in satisfying more than just their immediate needs and wants. He felt that cooperative associations could have an important role in more adequate housing for those who now are not adequately housed, and emphasized that "two-thirds of our population still live in relative poverty - undernourished, underhoused and subjected to disease."

Greece - A participant from Greece reported that cooperative associations in Greece date back to the 18th century. He indicated that the basic desire of people in cooperatives seemed to be about the same in the various areas, and that cooperatives should live side by side with other forms of competitive enterprise.

Holland - The need for cooperative associations to be competitive with other forms of business was also stressed by a spokesman from Holland who said cooperatives must be absolutely competitive. If they are competitive they can expand into many lines of activity.

France - A participant from France felt that the present economic and political situation requires that further consideration be given to trade expansion between European countries and suggested that the cooperative movement is in an excellent

position to give impetus to this, and that "poverty anywhere is a threat to prosperity everywhere".

Israel - From an Israelean spokesman came the suggestion that cooperative associations are the need of the minute in such countries as India, Pakistan and Israel and that it is possible to give guidance to this movement on an international level.

Pakistan - A spokesman from Pakistan indicated that his government considered cooperative associations so necessary and desirable that a number of cooperatives were actually organized by the government. He emphasized that these cooperatives are now voluntary and are operated by the people themselves who patronize them. He said there is now a general election once a year, the principle of one vote per member is followed, and only limited dividends are paid on capital stock. He said the government now plays the role of friend, guide and philosopher.

India - A gentlemen from India presented a less optimistic picture regarding the role and influence of government on cooperative associations when most of the initiative has been exerted by the state. He pointed out that many of the underdeveloped countries swing strongly toward a planned economy and state socialism, and as part of this planned economy they have organized cooperative associations. The state holds fifty-one percent of the votes and consequently can veto any action that may be desired by the member-patrons if they so desire. Three members of the board of directors are appointed by the state. The argument is that when the cooperative associations have developed sufficiently the state will release its control. The speaker from India raised the question "when will this really come to pass?" He suggested that it might be a healthier and a more desirable situation if cooperative associations were originally kept separate from the state, instead of resting on the hope that it will happen later, and further suggested that this matter be given international consideration.

Belgium - From Belgium came the suggestion that democracy is really the basis for cooperation and cooperative associations. This speaker also had observed that many cooperative associations are only arms of the government. He expressed the opinion that the state should and could encourage cooperatives without controlling them and mentioned financing and favorable capital arrangements as one example where state help can be given.

Sweden - The Swedish spokesman suggested that the question should always be raised as to where the initiative came from for a cooperative association. He expressed the feeling that such initiative is frequently strongly exerted by government officials and executives instead of coming voluntarily from the people.

China - A representative from Nationalist China suggested that the United States and European countries should arrange for help to the underdeveloped countries in training the leadership of cooperatives, such as directors. Scholarships were suggested as one method, so that students from these countries could study and hear about the principles of real cooperatives.

This reporter has had much to do with the organizational framework and legal phases of cooperative associations in the United States, and with the federal and state statutes that established cooperative associations as a special type of corporation. This background and experience made a workshop on the "Organizational and Legal Framework of Cooperative Associations" at Erlangen Germany very interesting and worthwhile. A striking difference was noted between the attitude of representatives from the European countries and the United States. To the Europeans an existing law seems nigh unchangeable, and from the reports given, the cooperative laws of most of the countries were of long standing and had seldom been changed, if at all. Frequent reference was made to "the law" that had not been changed during the last 25 to 35 years. This is strikingly different from the attitude in the United States that a law must fit the purpose for which it is established, and if it doesn't, or if conditions change, then the law must be amended so it will fit its purpose. Maybe the difference was well expressed by

one of the participants at the meeting who summarized it this way: "You people in the United States seem to prefer a minimum of laws. You also seem to change them quite readily if they don't fit. But, the laws you do have are quite strictly enforced. We, on the other hand have many laws, and some do not fit very well, so we find all kinds of ways to work and get around them."

Following the workshop session on the "Organizational and Legal Framework of Cooperative Associations" this reporter was asked to prepare a statement on "Cooperative Legislation in the United States" for inclusion in the printed report of the International Cooperative Science Meeting at Erlangen.

3. The Cooperative Association Study Tour in Northern Europe was arranged by the Cooperative League of the U.S.A. as a supplement to the International Cooperative Alliance Congress in Stockholm, Sweden. Most of the host cooperative associations had representatives attending the Stockholm Congress, and consequently acquaintanceship had been established before the United States study group visited each country. Norway was visited before the Congress, and the other countries including Sweden, Denmark, Germany, France and England were visited after the Congress. Most of these countries have special reports available in the English language on the development and functions of Cooperative associations in their countries. This obviously can be only a "spot" report, to highlight some of the activities of cooperative associations in the various countries, and to highlight this reporters visit and observations.

Norway - In a number of northern European countries improved housing has developed the cooperative way, which has had strong support from municipalities and the state, and in some instances by way of a financial subsidy from them. A cooperative housing project was observed in an attractive section of Norway. When a person applies for rental of an apartment from the cooperative association he must provide capital to the extent of about 6000 kroner ($1,000). If he does not have the amount available he is still not excluded as a renter. He may apply for a personal loan from the city of Oslo, which is provided at a lower than market

rate of interest. When the person terminates the rental contract with the cooperative association the 6000 kroner are returned to him by the cooperative association, and he in turn can pay off his loan to the city of Oslo. Rents for comfortable and comparatively favorable family living quarters were about 120 kroner per month which is about 20 dollars. The income in dollars, and consequently the purchasing power per capita in Norway is considerably below that in the United States so that a direct comparison in dollars can not be made. However, rents are considered to be comparatively low under this arrangement.

Of special interest was the Cooperative College at Gjettum, about 10 miles from Oslo, Norway. This college was established by the cooperative associations of Norway to get people better informed about cooperative associations and the cooperative movement. The institution is limited to one building in which there is dormitory space for 40 people. Although there are longer term courses, much of the educational work is carried out through short courses which in turn are followed by correspondence courses for the same students. This is why it was possible to accommodate a total of 455 students in 1955, partly as resident and partly as correspondence students. A director and a limited few other instructors constitute the teaching staff. Additional staff members are then drawn from leaders in cooperative associations, directors, managers, engineers and other employees, so that students get a combination of the theoretical and the practical. Special courses were offered for general managers, junior managers, accountants, store and shop managers, plant engineers, directors, etc.

As already indicated the off hand reaction to this type of training was very favorable to this reporter as well as to most of the other members of the United States study group. However, with such a favorable reaction there came to mind an important question, namely, should there be a specialized program of education for each group in the economic system, and if so, why? Might it not be better to include such training in the overall system of public education? Also, might this be an example that the system of public education has been too limited and not

sufficiently inclusive? Why should only those people learn more about cooperative associations who already have a special knowledge of, and a special interest in them, and what about those who know much less? Why shouldn't more people more fully understand that there are four basic types of ownership and operation, namely private, partnership, cooperative association (a special type of a corporation) and the regular corporation, and why shouldn't more people more fully understand the differences? When all these factors were given consideration by members of the United States study group, there was considerable agreement that education and information pertaining to cooperative associations and the cooperative way of doing business should be a significant part of the system of public education. It was also agreed that there rests a challenge to Universities and Colleges in the United States, in this establishment and maintenance of Cooperative Colleges in Northern Europe, namely that the public educational system in the United States must include this area of training and information, lest otherwise the same pattern of Cooperative Colleges might be considered and developed in the United States.

A significant factor in food processing and distribution in Norway is the Norges Kooperative Landsforening which was organized in 1906 and which in English is referred to as the Norwegian Co-operative Union and Wholesale Society. Considerable time was spent by the United States group in studying the organization and operations of this Cooperative Wholesale. The object as set forth by this Society is to unite all the consumers cooperative societies of Norway for the purpose of:

(a) having a competitive effect on commodity prices and otherwise acting for the benefit of the societies affiliated with the N.K.L., by means of joint purchasing, joint processing, and in any other expedient way.

(b) accumulating the savings of the consumers through the N.K.L. Deposit Department and strengthening their sense of economy.

(c) organizing local cooperative societies and promoting knowledge and understanding of the economic and social importance of the cooperative move-

ment, and safeguarding the interest of consumers in the field of legislation.

In 1954, about 26 percent of the "households" in Norway were members of a local cooperative society that in turn was affiliated with N.K.L. If the membership in local societies not affiliated with N.K.L. are added then 30 percent of all "households" in Norway belonged to a local consumers cooperative society. The share of the total retail turnover in Norway for all local consumers cooperative societies was 11 percent and for those affiliated with N.K.L. it was 10 percent. Of the total wholesale turnover in Norway, N.K.L. had only about 6 percent in 1954.

The comparative size of business and labor accomplishment was of interest. All retail establishments in Norway had an average turnover of 300,000 kroner (about $50,000) in 1954, but the local cooperative societies affiliated with N.K.L. had an average turnover of 810,000 kroner (about $125,000). For all retail establishments the turnover per person employed was 80,000 kroner ($13,333) and for the local cooperative societies affiliated with N.K.L. it was 121,000 kroner ($20,167), or more than a 50% larger turnover per person employed. Although the N.K.L. affiliated local societies had only 10 percent of the total retail turnover in Norway in 1954 there were 197 self service stores included in the affiliated group, compared to a total of only 440 in all of Norway, or about 45 percent of the total. It was very obvious to the United States study group that N.K.L. was making special effort to increase the efficiency in its wholesale operations and was putting forth much effort to assist the affiliated local societies in the same way. It was of special interest to hear that many of the ideas had been obtained through direct contact, and through correspondence, from cooperative and private wholesale and retail distributors in the United States.

N.K.L. does not limit itself to wholesale distribution, but has been active in production and processing. Among the affiliated societies are 154 bakeries, 26 cafes, 2 coffee roasting plants, 1 ice cream factory, 1 margarine factory, 128

sausage factories, fish foods and savory kitchens, 5 fish supply businesses, 1 brush manufacturing works, 2 shoe repair shops, 6 tailoring shops and sewing rooms, 1 cord and twine factory, 1 electrical installation plant, 13 radio repair shops, 4 grain cleaning plants, 6 mills, 1 sawmill, 1 timber factory, 1 carpentry shop, 2 car repair shops, 5 bus service routes and 1 sea transport business.

Sweden - Sweden now has about 12 percent more people than it had in the pre-war years. During the World War II period the increase in population was about 1% per year which has slowed down to an increase of only ½% per year at present. It will be noted that this is drastically below the rate of increase in population in the United States.

Many consumers in Sweden and especially in Stockholm rely on consumers cooperatives for purchasing food, clothing and household supplies. The large wholesale food cooperative is the Kooperativa Forbundet in Stockholm, that had an affiliated membership of local retail societies of 681 in 1955 and through them a total individual membership of over 1 million. They had a retail turnover through the affiliated societies of over 2½ billion Swedish Kroner (about 482 million dollars) and a wholesale turnover of 1½ billion Kroner (about 290 million dollars). The total capital invested in the wholesale was 666 million Kroner (about 123 million dollars). The purpose, organization and operations of the Kooperativa Forbundet in Stockholm are very similar to those of the Kooperative Landsforening in Oslo, Norway, so the details will not be reported here. Like the Norwegian Cooperative Wholesale Society the Kooperativa Forbundet also has some production and processing activities which in 1955 amounted to 834 million Kroner (about 155 million dollars.) Judging by the large patronage, the excellent hospitality and service, and the excellent food, the United States study group decided that the Kooperativa "Gondola", a restaurant affiliate of the Kooperativa Forbundet must also be a worthwhile local cooperative and a worthwhile project in Stockholm.

Because it was something different, at least to this reporter, the P.U.B. in Stockholm was especially interesting. It adjoins the city fruit and vegetable

market and is in the same block as the famous Konzert Halle in Stockholm, where the International Cooperative Alliance Meetings were held. The reader should be disabused here lest he might compare P.U.B. with the "Pub" in good old Ireland. Actually, the P.U.B. in Stockholm is a very large cooperative department store that some years ago was owned by Paul U. Bergstrom. The initials of Mr. Bergstrom were retained as the name of this large cooperative department store, which emphasizes "clothing for the people". The Swedish hosts indicated that this cooperative department store has been very successful financially, and thereby has saved its member-patrons much money. Its turnover averages around 100 million Kroner per year (about 20 million dollars). The best way to compare the organization and the nature of the operations in this department store is merely to say that most people from the United States couldn't tell the difference from the department stores they patronize in their home country except for some difference in goods, materials and supplies and the difference in the language spoken between the sales staff and the patrons.

Not appreciated by many people in the United States, and probably not understood by many, is that our large country is so blessed with an abundance and variety of natural resources. What would it do to our feeling of national security if our total supply of petroleum products could be cut off almost overnight? Sweden has no domestic supplies of petroleum products except for a small area of shale from which low grade products can be produced, but from which only $\frac{1}{2}$ to 1 percent of the total usage could be supplied. Norway and Denmark are in a very similar situation, and coal is just about as scarce as petroleum. This is a good example of the dependence of European countries on each other, although some of the countries farther south are somewhat less dependent on others than the Scandinavian countries.

Local cooperative petroleum associations or "cooperative car owners associations" as they are called in Sweden are scattered throughout the country. The letters I.C. that stand for two long Swedish words, and together make up the name,

can be easily noticed as one approaches one of these service stations. The total volume of business done by I.C. associations in 1956 was 56 million Kroner. This reporter had a daily example of an I.C. station from his Bromma Hotel window (Bromma is a suburb of Stockholm near the airport). The daily activities at this I.C. station seemed to closely resemble the activities of a busy service station in the United States with generally good patronage. The big difference, quite unrelated to the petroleum business,was that cars scooted into the service station from the left side lane and of course back from the station into the same lane. Habitually, there was a strong tendency for United States visitors to peer in the wrong direction for the "expected" oncoming traffic.

One of the I.C. cooperative petroleum and service stations in the heart of Stockholm deserves special mention. It is huge, and is referred to as one of, if not the, largest service station in the world. The size is such that a stranger could actually get lost inside of this underground structure which has been "dug out" of a large solid rock hill. On top of the rock hill where city business activities are going on "as usual" it would hardly be noted that "deep down under", with the entrance on a much lower level, there is a thriving petroleum service station, including many large parking areas, and a garage for complete repair service for automobiles. Also of special interest and especially of significance is that this is a "self service" petroleum station where the patron fills his own tank and where all of the station service work is handled by a lady operator who pushes electric buttons, keeps records and collects money. A patron drives up at one of the pumps, of which there are many, all within easy view of the lady operator. She pushes a button to release the pump the patron is going to use. The patron fills in gasoline, and as he is filling the volume is electrically recorded on a board in front of the lady operator. When he has filled his tank he walks up to the lady operator,who is also the cashier, to pay his bill, which is already calculated for him and waiting. With the payment of his bill, he is ready to get on the way again. The large number of pumps, and the patron-

age at hand when this reporter and others in the United States study group were observing these operations made it obvious that one person was supervising the sale of a very large volume of gasoline and other petroleum products. The reason for the peculiar structure as well as the nature of the operations of this I.C. cooperative service station, garage and parking area should be given. Detailed information was not made available but all indications were that a very large part of the expense of digging this huge space out of a large solid rock hill was borne by the city of Stockholm. The place is now serving peacetime needs very well, and the citizens of Sweden, and especially of Stockholm, and no doubt most other people of the world sincerely hope that its use for peace time needs can continue indefinitely. Should it ever be necessary, this "hole in the rock hill" could be used as a bomb shelter for 20,000 people. This is why certain installation requirements had to be met, such as ventilation, refrigeration, storage space, etc.

In addition to the many local I.C. service stations in Sweden there is one O.K. association. Again, the initials stand for two long Swedish words, that together make up the name. The O.K. is the cooperative wholesale association through which the I.C. locals receive their petroleum products. Because there is practically no domestic supply, the major responsibility of the O.K. is to locate supplies of petroleum products of the proper quality at the most reasonable prices and import them to Sweden. Along with more temporary and more destructible facilities, the O.K. association has storage facilities for 10 million gallons of gasoline under solid rock cover. A large ship is also being used for storing petroleum products.

The retail price of gasoline in Stockholm, Sweden in the summer of 1957 was in the neighborhood of 50 cents per gallon which was considerably lower than in some of the other European countries farther south. With practically no domestic supplies one might expect that gasoline prices in the Northern European countries should be at or near the top of all retail gasoline prices in Europe. The retail price of gasoline is affected more by the tax on the gasoline than the cost of

the gasoline itself. We in the United States complain readily about the tax on gasoline, but in Europe the picture is drastically different and much less favorable. With benzine (gasoline) in Sweden at 70 öre per liter at retail in the summer of 1957, the state tax was 36 öre or more than half of the retail price. The proportion of the retail price which is taxes is higher in most of the other countries in Europe, and in some countries it is substantially higher.

Economic activities through cooperative associations in the Scandinavian countries are certainly not limited to those of consumer and purchasing cooperatives. Cooperatives for granting farm credit, marketing, and for special service to farm families are just as significant. A mere listing of the individual groups of cooperatives in the Scandinavian countries within these three types would require much space. This reporter was especially interested in the similarities and differences in Dairy Marketing developments in the Scandinavian countries, and especially in Sweden, and those in the United States. It is quite common knowledge in the United States and especially in the middlewest that due to improvements in transportation and communication, to mechanization and improved technology, and other less important factors that many dairy processing and marketing plants that served a practical and useful purpose in the days when they were established have become obsolete and useless. Many have been discontinued, and many more should discontinue, as a means of increasing the efficiency in the dairy industry. This would accrue to the advantage of both producers and consumers.

Minnesota, for many years the top state in the nation in the volume of butter made, had many more dairy plants 20 to 25 years ago compared to the present number. The trend in numbers has been continually down, with a large increase in the volume processed and marketed per plant. A striking resemblance was found to this in both Norway and Sweden as indicated in the following table:

Minnesota			Norway			Sweden		
Year	Number of plants	Index (1935=100)	Year	Number of Plants	Index (1935=100)	Year	Number of Plants	Index (1935=100)
1935	876	100	1935	620	100	1935	1576	100
1940	846	97	1940	-	-	1940	984	62
1945	744	85	1945	-	-	1945	817	52
1951	662	76	1951	-	-	1951	617	39
1956	533	61	1956	407	66	1956	514	33

Back in 1935 Sweden had more privately owned and operated dairy processing and marketing plants than the number that were cooperatively owned and operated. In 1956 only 38 or about 7 percent of the total of 514 plants were privately owned and 476 were cooperatively owned. More significant was that the 476 cooperative associations that are federated into the Federation of Dairy Cooperatives in Sweden handled over 98 percent of all the milk produced in Sweden, which was packaged and sold as fluid milk, or was processed into other dairy products. The Federation of Dairy Cooperatives in turn operates in close relationship with the regulatory branch of the Swedish government. The retail price of milk is fixed under agreement by the Federation and the government. The price to the producer is also guaranteed by the Federation and the government and if the market price is below the guaranteed price the producer is subsidized by a direct government payment in the amount necessary to give him the guaranteed price. One could observe a similarity between this government milk pricing program in Sweden, which largely originated with the Federation of Dairy Cooperatives, but in which the government assumed most of the financial burden, and the self help dairy programs that have been advocated in the United States, wherein the government might also have to assume some and very likely much of the financial burden. It occurs to this reporter, after studying the dairy marketing and price control program in Sweden, that if a "self help" program of any kind is ever adopted then it must be wholly a self help program, and must not be half government and half self help, with the government, and in turn the

taxpayers, picking up the bill for the losses that are incurred. The half government and half self help programs, of which there seem to be many in Europe, also carry a very serious inherent danger of a further development toward national socialism and state control. Once controls have been resorted to, the tendency seems to be to move toward more controls, and not toward less. The result of the milk control and price fixing program in Sweden to date, as reported by the producers, the local dairy marketing associations and the leadership in the Federation of Dairy Cooperatives is that "we have a serious surplus of milk in Sweden" and that considerable money is flowing from the Swedish national treasury in order to provide the guaranteed prices.

The close relationship of the Federation of Dairy Cooperatives and the Swedish government, and the overlapping areas, are further exemplified by the educational program in marketing. It was indicated that the Federation works closely with the College Research Station. However, the Dairy Advisory work, comparable to the Agricultural Extension work in the United States, is split between the two. The Swedish State Advisory Service covers only the dairy production problems that farmers may have, and with which farmers may want help. The Federation of Dairy Cooperatives covers all advisory work, and makes specific suggestions, in the field of processing and marketing of dairy products.

One striking difference was noted in the method of buying milk in Sweden compared to the method used here in the United States. Only one grade of milk is bought, based on government specifications for (a) sediment and (b) acidity, as determined by the methylene blue test. Stated differently, when a producer's milk arrives at the plant it is either approved or disapproved.

Denmark - Much time could have been devoted to the study of various phases of cooperative activity in Denmark, and especially to dairy marketing, livestock marketing and consumers cooperatives. The organization, operations and even problems of the dairy cooperatives are very similar to those in the United States, so that little would be gained by reviewing the details in this report. Denmark

stands at the top in cooperative livestock processing and marketing, and the livestock cooperatives are probably more commonly known to many Americans as "cooperative bacon factories." Although they are comparatively quite a bit smaller, there is some similarity between these Danish cooperative livestock associations and the interior packing plants in the United States, in the processing and marketing activities that are carried out. Carcasses of meat, either whole or cut into parts, are moved to public markets, either within Denmark, like Copenhagen, but in larger volume to other countries such as England. There is one striking difference between the "cooperative bacon factories" in Denmark and the livestock processing and marketing plants, whether cooperatively owned or private, in almost any other country including the United States. This is the close working agreement that the processing plants have with the producers, including control over the type of pork that is produced, and the age at which the live hogs must be delivered to the slaughtering plant. Denmark has long been well known for marketing top quality lean type pork, which stems from careful research in breeding, and the marketing of hogs at the proper age. Many of the "bacon factories" in Denmark are cooperatively owned. Consequently, the producers themselves develop the program and gain or lose on the basis of the standards set up. In large part these standards are set according to the experts who have done the research work and who have determined what is the most saleable type of pork and accordingly, the most desirable age for the farmer to sell his hogs. It should be re-emphasized that a significant factor in the success of the pork marketing program in Denmark is that the standards which have been set up are strictly and conscientiously followed.

The development of consumer cooperative associations in Denmark closely parallels that in Norway and Sweden, hence only a few highlight notes regarding it will be given in this report. The Central Union of Cooperative Societies in Denmark had 590 affiliated societies in 1954 and these associations together had total sales of about 600 million Danish Kroner (about 107 million dollars) and

employed about 10,000 people. The variety of affiliates included local food societies, local housing societies, production and processing societies, artisan's societies, etc.

The Danish Cooperative Wholesale Soceity (Faellesforeningen for Denmark's Brugsforeninger) with which most of the cooperative food stores are affiliated handles about 10 percent of the total wholesale food business in Denmark. This wholesale owns a variety of manufacturing and processing plants. There are 93 local cooperative food stores in Copenhagen known as the H.B. (Hovedstadens Brugsbörening) stores. Together these stores have a patronage of about 113,000 families and are doing a business of about 155 million Kroner (about 28 million dollars). One of the stores in this group reached a turnover in 1957 of 3 million Kroner (about $536,000.). As has been repeatedly emphasized, the European situations, such as wages, sales, profits, etc. cannot be accurately measured in dollars. Although in dollars it was 536,000,a well informed Dane who was active in the management of the H.B. stores in Denmark and who was also quite well informed about supermarkets in the United States estimated that the large store with a retail turnover of 3 million Danish Kroner was comparable to a store in the United States with a retail turnover of 1 million dollars.

The financial results of the 93 Cooperative H.B. stores in Copenhagen for 1956 was of special interest. The group averaged a gross margin of 19% of total sales, and a net margin of 7% of total sales. A cash dividend of 4% was paid on capital stock, and the balance was allocated to patrons on the basis of the business done (patronage) by each during the year.

Although the supermarkets in Denmark,like in the other Scandinavian and other European countries, have much similarity to those in the United States,there is one rather significant difference. Much more time seems to be needed to bring together the specialized shops of the past even though the trend is in that direction. For example, one local H.B. society may be operating 3 small supermarkets, probably side by side, instead of one, namely a meat market, a bakery and

a retail food store (not including bakery goods or meat). Special effort was made to learn why separate units are preferred to departments within the same supermarket, but no real reason was given by anyone, except tradition, and that "most people feel that it is a little easier and better this way." There was quite general agreement among the Danish store management that more labor is required and total expenses are higher when 3 smaller stores are being operated by a society instead of one store with 3 departments.

England - England, the mother country of cooperation and cooperative associations is still strongly cooperative as indicated by the variety of cooperatives it has, and the volume of business done. The London Cooperative Society, Ltd, has retail food stores, dry goods and department stores, drug stores and hotels as its affiliated cooperative associations. This type of arrangement is duplicated in Manchester and some of the other larger cities in England. Visits were made to the Kingsbury (a London "Division") food store, and a drug store, the Burnt Oak (another London "Division") dry goods and department stores, and the Ambassador Hotel. Different from the H.B. Cooperative stores in Denmark, the London Society, Kingsbury retail food store is departmentalized, with the bakery goods and meats all in the same store with the rest of the food items, and not in separate "shops". In fact there was a striking resemblance between this store and the well known supermarkets in the United States. Of special interest was the well patronized self-service meat department. Here is another illustration of how worthwhile ideas have no boundary, and pass readily to distant places. A lady member of the Board of Directors of the London Cooperative Society, Ltd, had been in the United States to study supermarket organization and operation, and she was most favorably impressed with the cut up and packaged meat offered to consumers at self-service counters. She felt certain that the idea was just as practical back home in England. Upon return the "new" idea, which she had obtained in the United States, was presented to the members of the Board of Directors. They decided to give it a try, and the result was that it received an en-

thusiastic acceptance from the British people. Today the self-service meat counter is commonly found in British food stores, just because a "new idea" was brought home, and bore fruit, even faster than was expected.

Reference was made to the cooperative association housing projects in Oslo, Norway. To the extent that privately owned housing was not available, England has pretty much left this job to the cities. The city housing project in the Burnt Oak Division of London is an example. It is a new housing area that is owned and has been developed by the city during the last several years. The Burnt Oak Affiliate of the London Cooperative Society had nothing to do with the building of the houses, but it did not miss an opportunity to do some merchandising. It arranged with the city to set up some "demonstration homes" which were fully equipped with its furniture, equipment and supplies. The result was that the Burnt Oak affiliate of the London Cooperative Society, a furniture and dry goods cooperative association, sold practically all of the furniture, equipment and supplies to those who became the tenant settlers in the Burnt Oak Division of London.

Problems of organization, operations, and adjustments in cooperative associations were discussed with representatives in each of the host countries, and in the main, were found strikingly similar. In England there was special discussion of the membership interest, or lack of it, in cooperative associations, and attendance and participation in membership meetings, and the methods used in bringing about the most favorable situation. Although this is a continuous problem in cooperative associations as well as other corporations in the United States, England, like most other European countries, apparently finds this to be even more of a problem. Representatives of the London Cooperative Society were surprised to hear about the degree of interest shown, and the participation of members in their cooperative associations in the United States. Membership interest and participation in cooperative associations cannot be accurately measured and compared, but this reporter did observe and get the opinion that most of the European countries do have a less favorable situation than the prevailing situation in the

United States. This may stem from a slight difference in attitude, and in the approach, regarding the role of a member in his cooperative association. Here in the United States members (stockholders) of cooperative associations are constantly encouraged to see beyond, and to assume responsibility beyond, that of electing good directors, and to think through the problems of the associations so that they can discuss and help decide on the broader objectives and policies of their association at annual and special meetings. This reporter observed that more final decision making in cooperative associations in Europe seems to rest with the Board of Directors or with a regional or state cooperative association with which a local cooperative association must be affiliated, or with which it is "strongly encouraged" to affiliate.

Belgium - Belgium was not included in the tour made by the U. S. study groups, but a special visit was made by this reporter to a typical creamery and milk drying plant at Wuustwezel, Belgium. Another example was found here of the dependence of European countries on each other, and because of their size and location the advantage that could be gained from more specialization and trade, if they can proceed with the development of a "common market", and an economic and political relationship approaching that of the states within the United States. The example is that the equipment used in this dairy plant in Belgium had been manufactured in four different countries. Most of it had been made in Germany, some had been domestically produced, one wooden churn had been made in Denmark, and some other equipment had been manufactured in Holland. This local cooperative dairy association was organized in 1907 and is affiliated with a regional dairy marketing association in Antwerp, Belgium. All milkfat is delivered to the plant in the form of wholemilk and, unlike most Minnesota creameries, no farm separated cream is purchased. Some of the milk is delivered by farmers, but most of it is picked up on the association's truck, a practice very similar to that in Minnesota. The top quality milk which is used for bottled milk is transferred in bulk to the regional plant in Antwerp, and most of the skimmilk is

dried by the regional association with spray driers that are located at Sonnthof, Belgium. The local plant makes butter and dries some of the lower quality skimmilk on roller driers.

About 73,000 pounds of wholemilk was being received daily at the local plant, from about 420 farmers, who average about 10 cows per herd. The largest milking herd in the local plant area was indicated to be about 25 cows. Annual production of milk per cow is about 6400 pounds in this area; above both the United States and Minnesota average, but below the Wisconsin and California state averages.

One-third of the milk received by this cooperative dairy association at Wuustwezel, Belgium is used for bottling purposes by the regional association. The other 2/3 is skimmed in the local plant and the cream is then churned into butter. About one-third of the skimmilk is returned to farmers for calf and hog feed and the balance is dried, either with spray driers at Sonnthof by the regional association or with roller driers at the local plant.

The grading of milk, which constitutes the basis of payment to producers, is of special interest. Like in most other countries of Europe, some of the herds in Belgium and the herds of farmer patrons of the local cooperative dairy association at Wuustwezel, Belgium are still infected with T.B. (tuberculosis) or with Bang's (Bacillus Bangs), or with both. Milk which comes from herds that are free from both T.B. and Bangs, and which otherwise meets the required standard for sanitation and bacteria is rated AA. Milk from herds free of T.B. but not free of Bangs is rated A. The remaining milk from herds that are not free of either T.B. or Bangs is labeled "lower grade".

Netherlands - This reporter did not visit cooperative associations in the Netherlands, but had occasion to visit with several leaders of the Dutch cooperative movement at the various international meetings so that a report on cooperative associations in the Netherlands should be submitted. Another special reason is that the similarity between the organization, operation, and control of coopera-

tive associations in the Netherlands and in the United States seems to be closer than between that of any of the other European countries and the United States. Like in the United States, the agricultural cooperatives, that are divided into a variety of groups, have been developed to a far higher degree than the consumers cooperatives.

The first farmers' credit bank in the Netherlands was set up in 1896 according to the Raiffeisen pattern of Germany. Membership was originally limited to farmers, but is now open to all people of the villages including the village retailers. The amount of credit granted is largely based on the borrower's personal qualifications, but good security must be offered in the form of some kind of collateral. A striking difference between the cooperative credit banks in the Netherlands and banks in the United States is that there is unlimited personal liability in the Netherlands on the part of all members, for all of the bank's financial commitments. The farmer's cooperative credit banks have developed into an important form of Dutch banking, both as savings banks and as loan banks. It was estimated that in 1955 about 40% of all savings deposits in the Netherlands were made with farmer's credit banks and that the credit issued exceeded the total credit granted by the four largest privately owned commercial banks in the Netherlands.

Farm supply cooperatives in the Netherlands started in 1877 with joint purchases of commercial fertilizers. The procedure was very simple in that orders were taken from farmers, bids were obtained from wholesalers for a given quality and formula, the order was placed with the lowest bidder, the fertilizer was delivered at a given point in the area, and the farmers came to get their fertilizer, upon making cash payment. "Cattle feed" was the next major item handled by farm supply cooperatives, followed by farm seeds and seed potatoes, insecticides, fuels, oils, agricultural tools, implements, and farm machinery. A portion of the oil products have in recent years been obtained via an international cooperative sales organization, the International Cooperative Petroleum Association, from the Consumers Cooperative Association in Kansas City, Missouri, that owns

and operates oil wells and refineries.

The local supply cooperatives in the Netherlands have to a large extent affiliated into regional associations. One central wholesale purchasing association was set up before 1920, and a second one was organized in 1920, so there are now two competing central cooperative wholesale purchasing associations in the Netherlands serving the regional and local associations. In total, the farm supply cooperatives in the Netherlands have a position of considerable importance. More than half of the fertilizers and feedstuffs for cattle and poultry used by farmers are obtained through these cooperatives. Many of the local and regional associations have their own supply and storage "silos" and many of them operate their own plants for milling, grinding and mixing. Both central associations have large feedstuff factories, which are used chiefly to supply local cooperatives that do not have milling, grinding and mixing installations of their own.

Agricultural marketing cooperatives in the Netherlands started with horticultural auctions in 1887 especially for vegetables and fruits, but also for cut flowers, potted plants, etc. Because consumers are usually not far away from the producers, the auction method became a popular means of buying and selling. A departure from this method of marketing came in the field of egg marketing as a larger and larger proportion of the eggs were exported to other countries. The cooperative egg marketing associations now handle 40% of all the eggs exported from the Netherlands. The development of cooperative agricultural marketing associations in the Netherlands has been very much like the development in the United States so that there are now associations for marketing grain, seeds and seed potatoes, wool, cattle, and dairy products, in addition to the fruit and vegetable and egg marketing cooperatives already mentioned. Like in the United States these cooperatives were developed separately in the local community, on a commodity basis, and have developed their regional and central associations likewise. In this respect the development of cooperative associations in the Netherlands has been much more like that in the United States, than in the other countries of Europe where frequently

the variety of commodity operations are tied together into one local association and in turn into one regional and central association. Like in the United States, and most other countries the membership in the cooperative marketing associations in the Netherlands soon realized that effective marketing involves efforts in preparation and processing of foods so that the food product can be moved into wholesale and retail trade channels in the form desired. The development in cooperative ownership of processing plants in the Netherlands is indicated by the variety of associations that were organized.

(a) The first cooperative creamery - 1886

(b) The first cooperative farina (potato flour) factory - 1897

(c) The first cooperative strawboard factory - 1899

(d) The first cooperative sugar beet factory - 1899

(e) The first cooperative meat processing plant - 1916

(f) The first cooperative superphosphate factory - 1917

(g) The first cooperative flax factory - 1920

The significance of cooperative processing associations in the Netherlands is indicated by the large proportion of total production that is handled by them, which in recent years has been about as follows:

(a) Dairy farming is a very important industry in the Netherlands. Of all the milk processed, about 70% is delivered to cooperative creameries and milk plants.

(b) The Netherlands are practically self-supporting as far as sugar is concerned, and the sugar beet industry is very important. About 66% of the sugar is manufactured in cooperative sugar beet factories.

(c) Potatoes are an important crop in the Netherlands and farina (potato flour) is considered to be a typical Dutch product. About 80% of the total supply of farina is manufactured in cooperative factories.

(d) Strawboard is considered to be another typical Dutch product, and the greater part of what is made is exported. About 65% of the total supply is

provided by cooperative associations.

(e) The cooperative meat processing and marketing associations in the Netherlands supply almost 50% of the Dutch bacon, which is sold almost exclusively on the British market.

With better methods of transportation and communication, there is a trend toward larger processing plants in the Netherlands, similar to the trend in the United States. More processing and manufacturing of dairy products for example is being done in the large, more centralized, cooperatives with the local dairies serving as feeders. This is also happening in other commodity fields.

The consumers cooperative movement had a somewhat slower start in the Netherlands compared to most of the other European countries, although the first Consumer's cooperative was organized in 1876, thereby preceding the first agricultural marketing cooperative in the Netherlands. The first consumer's cooperative known as "Eigen Hulp" (Self-help) was started in the Hague by civil service workers, and manual workers were deliberately excluded. However, the principle of open membership was later adopted. The exclusion of manual workers from the first "civil service" consumers cooperative spurred them on to organizing cooperative consumers associations of their own. Collaboration of consumers cooperatives and joint purchasing efforts date back to 1889, but for many years centralized effort was hindered by groups of local societies who formed their own "non-commercial" central unions. The non-commercial central unions were dissolved after World War II and the local societies were amalgamated with the national wholesale society known as the Central Society of Netherlands Consumers' Cooperatives. There are about 300 local consumers cooperatives in the Netherlands of which 276 are affiliated with the Central Society of Consumers Cooperatives. Total membership in the 300 locals is considered to be 360,000 members, and because the "head of the family" is usually the only member, and the family is considered to average about 4, it is estimated that about 13% of the population of the country supports the consumers' cooperatives. The 300 local cooperative societies together operate about 1200 shops. Because the consumers'

cooperatives are principally supported by organized workers, the chief concentration of shops is in the large population centers. However, the consumers cooperative societies are gathering force in the rural districts of the Netherlands, and in rare instances they have been combined with agricultural purchasing cooperatives. Groceries and allied products constitute about 50% of their joint retail turnover in the local cooperative societies, and bread and pastry about 25%. Fuel is also an important item, and patrons can also buy textiles, shoes, household articles, tobacco and cigarettes. Three consumers' cooperatives run dairies and one of these is of large size, and a few have butcher shops. There is a cooperative laundry in the Hague, where there is also a large cooperative "sickness benefit fund" with its own hospital and maternity home. This "fund" originated from the Hague consumers' cooperative, and is closely allied with it, to the extent that they have the same management for both of the activities.

More important than the history, the development and the operations of cooperative associations in the Netherlands is the attitude toward, the philosophy of, the responsibility in, and the expectations from cooperative associations and the cooperative movement generally. These are summarized briefly in the following statements taken from their literature.

(a) The voluntary nature of cooperation and cooperative associations is one of its surest cornerstones. A cooperative association is the outcome of voluntary collaboration and even the relationship between the central organizations and their member cooperatives is based on voluntariness. This is why large private concerns are often quicker in making decisions than are groups of cooperatives joined together in a central organization.

(b) Active participation in the cooperative movement brings with it a widening of the members' mental horizon. Members in a cooperative society are confronted with problems with which they otherwise would not come in contact. A widening of the mental horizon influences the farmers' readiness to accept new methods of agricultural production, and lays the foundation for a broader

general education.

(c) The origin and growth of the cooperative movement in the Netherlands have been of a spontaneous character, the government having exercised practically no influence on the movement's development. The state cannot easily side with the cooperative movement because this frequently would mean siding against the middle class of private shopkeepers and private owners of small business of which there are many in a country like the Netherlands. This is very likely also the reason why political parties avoid any positive statement of views regarding the cooperative movement. Government assistance is inconceivable without government influence and the members of the cooperative movement in the Netherlands want to remain themselves.

(d) The highest authority within the cooperative society is the general meeting of members. The members choose the board of directors and can dismiss them at any time. They can amend the association's statutes (Articles of Incorporation and By-laws) and any other rules, or decide to dissolve the cooperative association. These are powers which no other organ within the cooperative society possesses.

(e) A division of functions between the board of directors and the manager should be sought and understood. Organizational policy, and determination of the main lines of operational policy should remain with the Board of Directors while the manager should have a wide range of freedom regarding commercial pol icy, staffing matters and the actual production and processing procedures. The function of the manager in a cooperative society is becoming constantly more important. Directors and managers should work together in an atmosphere of mutual confidence. If such confidence is lacking, or is insufficient, the cooperative is doomed to inevitable failure. Much will depend on the Directors finding a suitable person to fill the role of manager, for which job the essential requirements are professional skill and character. Much depends on how well the manager is prepared to regard himself as the cooperative's ser-

vant, and whether he is aware of, and willing to, manage the affairs according to the views of the Directors. He must also keep the Directors fully informed about operational and management problems. Devotion and perfect open heartedness, combined with efficiency, form the basis for the satisfactory fulfillment of the task a manager of a cooperative society has to perform.

Germany - While in Great Britain cooperation virtually meant consumers cooperation during the last half of the 19th century, in Germany it meant almost exclusively middle class producers cooperation. The political and Trade Union sections of the working class even held aloof from, or were openly hostile to, the early consumers societies in Germany. However, the situation changed gradually during the last decade of the 19th century when the German workers turned toward cooperation not only as a means of improving their standard of living, but also as an instrument of social reform. Many consumers societies were formed at that time by the workers, and especially in Saxony (the Hannover and Hamburg areas). Although several Cooperative Unions, which were regional associations of local consumers societies, had previously been formed, considerable progress was made when the Cooperative Wholesale Society, known as the G.E.G. (Grosseinkaufs-Gesellschaft Deutscher Consumvereine), was organized in Hamburg in 1894. Further impetus was given to the consumers' cooperative movement in 1903 when representatives of 302 consumers societies and seven regional auditing unions of consumers societies gathered at Dresden, Germany for their first Consumers Cooperative Congress and formed the Central Union of German Consumers Societies (Zentralverband Deutscher Konsumvereine). There were ups and downs but generally speaking the consumers cooperative movement in Germany strengthened and continued uninterrupted even during the World War I period. Some of the local societies were still affiliated with the earlier organized General Union but by 1932 the Central Union had 949 affiliated local societies that employed over 48,000 workers in their 11,000 shops and stores, and in hundreds of warehouses, bakeries, slaughter-houses and other factories.

It has been pointed out that a cleavage exists between consumers cooperatives

and the agricultural cooperatives in a number of European countries, with a hostile attitude toward each other in a few of the countries. This cleavage is not significant in Germany, which may be the result of efforts that date back to 1916. In 1916 all central cooperative unions of the different sections of the cooperative movement including the agricultural cooperatives, formed a "Free Committee" for the joint defense of their common interests,especially in the field of legislation. This actio by the cooperatives in Germany in 1916 was quite similar to the action taken by the cooperative associations in Minnesota in 1946 when they formed the Minnesota Associa tion of Cooperatives for similar,but also for broader,informational and educational purposes.

Reference has been made to the G.E.G. cooperative wholesale society which was organized in 1894. A second German wholesale society was organized in 1912, known as the G.E.Z. (Grosseinkaufs Zentrale Deutscher Konsumvereine), and which in 1923 was rechristened as Gepag (Grosseinkaufs und Producktions Aktiengesellschaft Deutscher Konsumvereine), with headquarters at Cologne. Most of the local cooperative societies affiliated with G.E.Z. (later Gepag) were located in the Roman Catholic districts of Western Germany.

Along with its wholesale activities for local societies, the G.E.G. established a banking department which served as a savings bank and a cooperative clearing bank for all consumer societies and their members. It also started a soap factory in 1910, later 3 tobacco factories, and a variety of other factories. By 1931, the G.E.G. owned 44 production and processing plants and when the Nazis seized power and took over control, G.E.G. had over 50 supplementary production and processing activities. The other wholesale society, namely G.E.Z. (later Gepag) was smaller and progressed more slowly, but from 1918 when its first meat products factory was opened until 1928 it also built or acquired a number of factories, including a soap and a macaroni factory, and some smaller enterprises.

Even before the Nazis seized power in Germany, they attacked the consumers cooperative movement and its leaders and intimidated its members throughout the

country. In some parts of Germany they openly attacked cooperative premises, smashed cooperative shop windows and picketed cooperative shops. Shortly after the Nazis had become "the master", uniformed storm stroopers occupied the premises of the central cooperative organizations and many local cooperative associations as well. Many leaders in the cooperative movement were arrested and sent to concentration camps and all cooperative societies were placed under Nazi control. By this act of violence and compulsion, the consumers societies lost their democratic character, with business stagnation and a withering away of cooperative life inside of the organization. All regional and central associations were merged into one single central organization by the Nazis and called the Reichsbund der Deutschen Verbrauchergenossenschaften. A central auditing union was also created by them for close supervision of the local societies. Many of the larger societies such as those located in Berlin, Breslau, Dresden, Kiel, Cologne, Hannover, etc. were sold to private operators, often at ridiculously low prices. The final death blow was dealt to the whole consumers movement by the Decree of February 18, 1941 which ordered the transfer of the whole property of the consumers societies to the German Labour Front and Transformed the cooperative enterprises into a vast commercial and chain store combine controlled by a subsidiary of the Labour Front, the so called Collective Enterprise of the German Labor Front (Gemeinschaftswerk der Deutschen Arbeitsfront). A nominal value was paid to the members of the cooperative consumers societies for their shares of stock but which was considered by them to be far below the real value of the property held by the cooperative societies. The Nazi organization then set up 135 supply centers (Versorgungsringe) in Germany and Austria to replace the more than 1200 former consumers' societies in these countries. So, by the Decree of February 18, 1941 the "voluntary" consumers cooperative movement had come to an end.

The rehabilitation and reconstruction of the consumers cooperative movement in Germany after the collapse of the Nazis is a long and fascinating story. It is an example of "where there is a will, there is a way." There were many and

great difficulties when the war ended in 1945 and the consumers cooperative societies could be rebuilt. The first big material problem was the return of the former cooperative property to its rightful owners, or since they no longer existed as a cooperative body, or could no longer be identified, to the rightful successors of the former owners. However, with much patience and considerable time, solutions were found, based on agreement and compromise. At the end of 1947, 144 societies had been formed in the British zone, 61 in the American zone and 33 in the French zone or a total of 238 societies in the three western zones. Altogether there were over 5300 cooperative shops at the end of 1947, virtually all of them grocery or general provision stores, except for about 100 local bakeries and 12 slaughter houses that had escaped destruction or alienation. Total membership had reached 496,000 of which the British zone had 358,000, the American zone 107,000 and the French zone 29,000. More than half of the total membership or about 248,000 was in North Rhine, Westphalia, mostly in the Ruhr district. The rapid growth from that time on is indicated by a total membership of 1,849,000 at the end of 1952. The local consumers' societies rapidly re-developed the G.E.G. as their wholesale society and re-aligned with the Central Union as their legislative bargaining and auditing association. When the system was re-built and re-vitalized after the collapse of the Nazis it was agreed that there was need for, and should be, only one Central Union of consumers cooperatives rather than two,like in the pre-Nazi days. The rest of the story of the re-development of the consumers' cooperative societies in Germany is one of steady progress. The G.E.G. Wholesale Society has developed a variety of production and processing projects and had 35 factories, 15 trade departments, 2 purchasing offices, a central warehouse and 9 district warehouses in 1957. Some of the larger production and processing plants include a meat processing plant at Oldenburg, a flour mill at Mannheim, a cocoa and chocolate factory in Hamburg, a spirits and liquor factory in Hamburg, a vegetable canning and fruit preserve making plant in Meldorf, a soap factory in Duesseldorf, a cheese making plant in Wangen and a fish canning and preserving factory in Hamburg

Reference has been made here to the rehabilitation and reconstruction of the consumers cooperatives and the consumers cooperative movement in Western Germany (the Federal Republic). This should in no way be likened to what has developed in "Eastern" Germany. In fact, there is indication that the situation in Eastern Germany today, under the Communist regime, is but little, if any, different from what it was under the Nazi regime in the early 40's. Summary statements from Western Germany on the developments in the Eastern Zone of Germany include the following:

(a) The authorities, and later the government, of the East zone in close cooperation with the Soviet Military Government have set out to change the social and economic structure of the whole country from above.

(b) Wholesale and retail trade came in for nationalization, but there was some diversity in the methods used to achieve that end. A semblance of competition was maintained in the field of retail trade, where, in addition to the small shopkeeper, two giant state directed enterprises emerged, namely the H.O. (Handels organization), a trade organization wholly controlled by the state, and the Konsum, which was formally a consumers cooperative society but which is now virtually directed by the State. In the wholesale trade the influence of the state soon became preponderant.

(c) The development of the so-called consumers' societies in the Eastern Zone of Germany since 1945 has made it quite clear that it would have been impossible for the West-German movement to unite with the Communist controlled movement and with the Communist controlled organizations in the East without sacrificing its cooperative character, its liberty, and its democratic ideals. Under the conditions now prevailing in the Soviet Zone one can no longer speak of a cooperative movement in Eastern Germany. Cooperation in the Soviet Zone of Germany has lost its freedom, and its autonomy, and has completely passed under communist control. It is now part and parcel of the Communist economic system, a mere means to an end, which is not its own. Cooperators in Western

Germany know, however, that there are still many thousands of genuine cooperators and people who believe in democracy in Eastern Germany who are waiting for the day when freedom is restored in the East, and the German consumers' movement is once again united in its march towards its goal of economic democracy, freedom from want, and a truly cooperative Europe.

(d) The Cooperative Association Lecture Tour in Germany was actually in addition to the project carried out during the "short term leave" and was made during the vacation time of this reporter. However, the nature of the work and the experience gained from it so closely "tied in" with the regular project that it seemed desirable to include it in this report. The arrangements for the lectures and conferences were made jointly by the Specialists Exchange Branch, U.S. State Department in Washington, D.C., their Exchange of Persons Office in the American Embassy in Bad Godesberg, the U. S. Information Service and the Amerika Hauses in Germany, the Agricultural Attache's Office in the American Embassy in Bad Godesberg and the German Raiffeisen Cooperative Association (Deutscher Raiffeisenverband e.v.) in Bonn, Germany.

The Raiffeisen association has twelve regions and a meeting was scheduled in each region along with a "starter" meeting at headquarters in Bonn and a special meeting in Berlin. This provided excellent meetings and special audiences that consisted largely of directors, and managers and legal advisors of cooperative associations, government officials, and Professors and teachers and other leaders in Agriculture. All lectures and discussions were given in the German language. The topic requested by the Raiffeisen group, and discussed at the meetings was "Cooperative Associations in the U.S.A. and Europe - Fundamentals and Problems." All lecture sessions were followed by questions and answers, and discussion sessions, so that this reporter actually was able to get closer to the organization, operations, problems, and special features of the cooperatives in Germany than in any of the other countries. The interest in these meetings is indicated by the time devoted to them, which was decided by the audiences, and not by this reporter.

The formal lecture required an hour. The minimum total time that any group was in session was two hours, a number of groups continued for three hours or more and one group continued for four hours. Lectures were given in the following towns in the order in which the towns are listed: Bonn, Koblenz, Köln (Cologne), Muenster, Oldenburg, Kiel, Berlin, Hannover, Kassel, Frankfurt, Ludwigshafen, Karlsruhe, Stuttgart and Muenchen. More detailed information regarding this lecture and conference program, the methods and procedures used in carrying it out, and the results, are provided in a special "Report of U. S. Agricultural Specialist Lecture Tour" of which copies can be provided by this reporter.

The name Raiffeisen is as significant in Germany as the name Rochdale is in England, when reference is made to the cooperative movement. It was mentioned earlier in this report that there was a difference in the beginning of the cooperative movement in England and Germany because the original Rochdale group consisted of weavers, whereas the original Raiffeisen group was organized for the purpose of obtaining more favorable conditions and interest rates on credit required by farmers; thus one a consumers or workers movement, and the other an agricultural producers movement. The Raiffeisen cooperatives did not limit themselves to farm credit for very long and,although credit is still one of the main items,they now include a large variety of marketing, farm purchasing and farm service activities so that a reference to the Raiffeisen Associations or Raiffeisen Cooperatives is a reference to the entire field of agricultural cooperatives.

The development of the Consumers Cooperative movement in Germany has been discussed in an earlier section. This includes the G.E.G., which is the consumers wholesale society, the Central Union, and the affiliated local societies. The consumers cooperatives are organized separately, and are not part of the Raiffeisen group, however, it should be repeated that there is a laison committee for the purpose of pooling efforts in areas of common interest and common need, and that a friendly relationship exists between the two groups.

It has been mentioned that cooperative associations in the United States

were patterned after the cooperatives that existed in Europe, and probably mostly after those in northern Europe like in England, the Scandinavian countries, Holland and Germany. This included many ideas and procedures that had been followed in the Raiffeisen cooperatives. However, there are at present some differences between agricultural cooperatives in the United States and Germany (Raiffeisen).

(a) The difference in the agricultural industry itself has an influence on the marketing agencies, including cooperative marketing and service associations. West Germany consumes more food than it produces, or stated differently, it is on a net import basis. In many states in the United States and especially in the middlewest, such as Minnesota, Iowa and Wisconsin, a high percentage of the commodities produced are sold in distant consuming centers. This requires assembling in large lots, and usually processing, packaging, etc. This has led to specialization by commodities or functions and more recently to considerable vertical integration. In West Germany the integration in cooperative associations is in the horizontal rather than the vertical direction. Volume is frequently not available to specialize by commodites or functions and there is also strong traditional adherence to "local" cooperatives. This means that the "local village cooperative" usually has a variety of activities in marketing, farm purchasing, farm credit, and other services. Reference is made here only to the operations, because the organization has rather strong vertical integration. A local Raiffeisen group is a member of a county and regional group, who in turn is a member of a state group, and who in turn is a member of the Federal Raiffeisen Association of Western Germany, regardless of the commodity handled or the variety of functions that may be carried out.

(b) Competition between cooperative associations seems to be of much more concern in Germany than in the United States and more effort is made to avoid it. In cooperative associations in the United States, like in other types of business ownership, the important factor is that sufficient volume is at hand, and such other factors that make for efficiency in operation. Beyond that competition be-

tween cooperatives and other types of ownership, as well as between cooperatives themselves is considered desirable as a means of keeping them up to date and alert to the best and most modern techniques and other factors that will assure continued maximum efficiency. The somewhat different concept may be the result of a somewhat different concept of "what makes prices." The concept that prices are determined by the overall conditions of supply and demand places less emphasis on the influence of an individual firm. The concept that prices are the result of strong bargaining power involves eliminating competition in order to gain such strong bargaining power on the part of an individual firm or association. Some of the leaders in cooperative associations in Germany were astonished to learn that Minnesota alone has more than a half dozen very large non-affiliated and competitive dairy processing and marketing cooperatives in different areas of the state, but with overlapping territories.

(c) It is required in Germany that a local cooperative association be affiliated with a regional or state association (Verband), or differently stated with some "overhead" association. This is partly because of protection to the members of the local association. The "overhead" association has certain responsibilities such as auditing and other general supervision. Some of the functions are quite similar to a State Securities Commission. General management training and assistance is also given. The twelve regional Raiffeisen associations to which reference has been made serve in this capacity. Although much of this help and supervision has been desirable and has been needed,some leaders in the cooperative movement in Western Germany raise the question whether it doesn't somewhat limit power, the interest and the responsibility of members in a local association. In this connection, keen interest was shown in the different approach that is used in Minnesota, and other states in the United States, namely that members in a local cooperative association are assumed capable of being fully responsible for the operations of their own association, that an annual audit is not required, but that it is almost invariably requested as good business procedure. Special interest was

shown in the development of completely voluntary cooperative auditing associations in the United States to which local cooperatives voluntarily turn for their annual audit. This reporter emphasized to the Europeans that a director of a cooperative association in the United States can become personally liable for the cooperative association he is helping to direct, if he is negligent or permits other directors to be negligent in their duties, and that this creates a desire on the part of practically all directors in all types of cooperative associations to have the records and books audited, to conform to the provisions of the cooperative law, and to follow good methods and procedures in carrying out the purposes of the association.

(d) The directorship and management of cooperative associations is arranged somewhat differently in Germany than in the United States. The arrangement in cooperatives in other northern European countries is much the same as in Germany. The basic similarity is that in the cooperatives in Germany like in the United States a regular and official meeting of the members is required in the statutes (Articles of Incorporation and By-laws) once a year, and special meetings of members may be called by a percentage of the members whenever it is desired. In cooperative associations in the United States a direct line of legal authority and responsibility follows, in that the elected directors are expected to adopt such policies as seem to be in line with the wishes of the majority of the members, and for which they are responsible to the membership. If directors are in doubt on items of major significance, they have the opportunity of calling a special meeting of members. They can become individually liable in case of negligence. The officers in turn are elected from and by the directors, and have no more legal significance as officers than the rest of the directors who are not officers. The board of directors as a group employs a general manager and is responsible for him. The members of the board of directors determine the policies of the association, including management policies, but the general manager manages the cooperative within the framework of the established management policies. Employees are usually

selected by the manager but usually also approved by the directors. Significant is that one person, a general manager, is fully responsible for the management of the association. Here is a significant difference compared to the management of cooperatives in Germany, and in most of the other countries of northern Europe. In Germany the actual management of the cooperative association rests with a management board, or management committee as it might be called, and not with one person. The management board of 3 or probably 5 consists of a professionally and technically trained person who is on full salary, and members of the association who donate their time or are on a part time salary. The officers (prasidium) are part of this group, and although it isn't entirely clear as to how or why, they seem to stand at a somewhat elevated level in comparison with the other members of the management board. It also is quite apparent that the management board assumes much of the responsibility for determining management policy so that in comparison, the management board seems to have a combination of the responsibility of the general manager and the board of directors of cooperative associations in the United States. Some cooperative associations in the United States have an advisory board or advisory committee in addition to the regular board of directors. However, unless other powers are specifically delegated to them, they are strictly advisory as the name implies. All of the Raiffeisen cooperative associations seem to have an advisory or representing committee (verwaltungsrat) which is the laison group between the members of the cooperative and the management board. They do not seem to have any actual legal responsibility like a board of directors of a cooperative association in the United States, but on the other hand they seem to more definitely assume the role of "watchdog" instead of being merely an advisory group like the advisory committees in cooperatives in the United States. There is no doubt some difference in interpretation, based on what a person is accustomed to, but to this reporter it was more difficult to find the "line of responsibility" from the membership on through in the cooperatives in Germany and other European countries compared to that in cooperatives in the United States, where the line of responsibility is rather direct, and more clear.

Report of a Survey and

Study Tour in

WESTERN EUROPE

Summer - 1957

(Section III)

MARKETING DEVELOPMENTS

MARKETING PROBLEMS

TRADE

Dr. William H. Dankers
Extension Economist - Marketing
Agricultural Extension Service
University of Minnesota

INDEX

(Section III)

Marketing Developments, Marketing Problems, and International Trade in and with Western Europe

It is quite clear that methods and procedures in marketing in Western Europe will not and should not be the same as in the United States, as long as many conditions are so different. Differences exist in climate, in the types of agricultural production and the commodities produced, the proximity of producers and consumers, the available purchasing power, and in consumption habits. In order to provide some information about some of these conditions, and especially about the kind of agriculture, it seems desirable to present a brief summary of Western Europe's Agriculture. Most of this information was obtained from Foreign Agricultural Service Bulletin No. 102 on Expansion of Agricultural Production in West Europe.

Western Europe's Agriculture - Climate and soils are favorable for grassland over most of the area, and forage crops cover a large part of the agricultural land in Western Europe. Mixed farming is characteristic of Western Europe's agriculture with emphasis on livestock, so that livestock products are the chief source of farm income.

Of the total agricultural area of nearly 250 million acres, 44 percent is in temporary or permanent grassland and an additional 17 percent in rough grazings. Over half of the 56 million acres that are sown to grains are devoted to feed grains. Because some of the remaining arable land is also used for feed crops including fodder beets and potatoes, and a part of the food crops is used for feed, it is certain that more than three-fourths of the area's farmland produces feedstuffs for its livestock industry. Nevertheless, additional feedstuffs are imported in substantial quantities, especially grains and oilcake.

The region's livestock population includes 60 million head of cattle, 43 million hogs, 41 million sheep, 370 million fowl and 5 million horses.

Wheat, rye, and potatoes are grown both for food and for feed. Sugar beets

are produced in all countries except Norway. There is considerable truck farming near large consuming centers. It is a significant specialty of agriculture in parts of the Netherlands, Belgium, France, and Western Germany. Fruit orchards are common throughout the area. Wine is a major specialty in France, and a minor one in Western Germany, Austria, and Switzerland.

Most farms are family farms, operated by their owners and their family labor. Farms in all of the countries of Western Europe are small in comparison with farms in the United States. Within western Europe they are of comparatively substantial size in the United Kingdom, Denmark, and France, but prevalently small in the rest of the area; the average size ranges from 12 acres in Norway to 65 acres in the United Kingdom, excluding "rough grazings". In Belgium the average size of all farms is only 4½ acres; however, if the very large number of dwarf holdings on which farming is only a part-time occupation is not counted, the average size is 17 acres. In addition to the problem of small farms, a still more serious problem, in most countries, is the fragmentation of holdings.

In food production the region, as already stated, has achieved a degree of self-sufficiency of about two-thirds. Among food imports, bread grains, fats and oils, sugar and fruits are the most important. Due mainly to the United Kingdom's requirements the area is also a net importer of meats. Exports of dairy products and eggs, primarily from Denmark and the Netherlands, approach in value the total imports of these products by other countries in the area, primarily the United Kingdom and Western Germany.

In 1955 food and feed, including oilseeds and oil, accounted for 69 percent of the value of the area's total agricultural imports; tobacco accounted for 4 percent, cotton for 7 percent, and other raw materials of agricultural origin including wool for 20 percent.

Agricultural production in Western Europe, which declined appreciably during and immediately after the Second World War, made a rapid recovery in the

late 1940's, and since then has continued to increase. In 1955-56, agricultural production stood about one-fourth above the prewar average, compared with a population increase of only 13 percent. This is one reason for the higher level of eating and higher standard of living in Western Europe in recent years.

The period of postwar recovery, roughly until 1950, saw an increase in farm output of about 8 percent per year, while the post-recovery rate of increase from 1950 until 1956 amounted to about 2½ percent per year. Two and one-half percent, by all standards of the past, is a remarkable rate of increase which, even though it was favored by good weather, indicates a decisive increase in productivity compared with the prewar period, with higher production per man, per acre, and per animal. The labor force has continued to decline; acreages, on the whole, are below prewar; yet imports of feedstuffs are measurably smaller than in prewar days. Increased mechanization and other improvements require a larger input of capital, but on the whole there is little doubt that much of the increase in production came from higher output per unit ot total input.

Though the increase in total production was quite general, there was considerable variation in the degree of increase as between products. Thus, fruit output in recent years has averaged 70 percent above the mid-30's, sugar output 50 percent, egg output more than 25 percent, and milk output about 10 percent. The area's consumption of these products has increased as production increased.

Total production of the major grains is running about 20 percent above the prewar level, and the production of potatoes is about 10 percent above. While wheat production has increased by as much as total grain, the output of rye has remained at the prewar level, in line with the shift in consumption from rye bread to wheat bread. Barley production shows the most striking increase, having doubled in quantity. Production of oats continues on the decline probably largely the result of a drop of more than one-third in the number of horses.

Changes in yield per acre are of particular interest, especially in an area such as Western Europe where output per unit of land, at least until recently,

has been considered more significant than output per unit of labor. Grain yields per acre are high. For the area as a whole, rye now averages about 36 bushels per acre, wheat 37 bushels, barley nearly 50 bushels, and oats 60 bushels. In comparison with the 1935-39 levels of yield per acre, wheat shows the greatest improvement with an average increase of about 40 percent; rye yields increased nearly 35 percent, barley 30 percent, and the yield of oats 20 percent. In favorable years, wheat yields in the Netherlands and Denmark have averaged as high as 60 bushels per acre.

It is a well-known fact that increases in output of livestock products per animal unit are more difficult to achieve than increases in crop production per unit of acreage. Nevertheless, milk yields per cow, which for the area average over 5,800 pounds annually, are now some 12 percent higher than before World War II, and West Germany and the United Kingdom register increases of nearly 20 and 15 percent, respectively. There has also been an increase in egg production per hen.

Western Europe: Index of Agricultural Production, Prewar and Selected Years 1947-55[1]

Country and Year (Year Beginning July 1)	Gross[2] Total	Gross[2] Livestock products only	Net[3] Total	Net[3] Livestock products only
Austria:				
Prewar	100	100	100	100
1947	66	60	71	67
1950	92	86	95	89
1955	112	108	115	111
Belgium:				
Prewar	100	100	100	100
1947	88	80	104	99
1950	111	102	127	121
1955	130	120	144	136
Denmark:				
Prewar	100	100	100	100
1947	84	74	93	83
1950	116	104	123	110
1955	125	118	126	118
France:				
Prewar	100	100	100	100
1947	84	86	87	91
1950	109	107	112	111
1955	125	127	128	132
West Germany:				
Prewar	100	100	100	100
1947	70	56	74	61
1950	103	94	106	97
1955	119	120	121	122
Iceland:				
Prewar	100	100	100	100
1947	84	81	87	83
1950	97	93	98	94
1955	105	101	108	104
Netherlands:				
Prewar	100	100	100	100
1947	76	65	84	74
1950	115	111	124	122
1955	133	134	136	138
Norway:				
Prewar	100	100	100	100
1947	94	88	101	94
1950	116	112	125	121
1955	127	125	124	121
Sweden:				
Prewar	100	100	100	100
1947	104	106	105	108
1950	121	113	123	115
1955	113	110	113	111
Switzerland:				
Prewar	100	100	100	100
1947	90	82	89	79
1950	110	99	109	97
1955	114	109	113	108
United Kingdom:				
Prewar	100	100	100	100
1947	94	81	118	108
1950	120	109	148	143
1955	133	131	156	164
The total area of Western Europe:				
Prewar	100	100	100	100
1947	82	75	89	84
1950	110	103	116	110
1955	124	122	128	129

[1]Prewar estimates of production of individual agricultural commodities are mostly official estimates and mostly refer to the period 1933-37; in a few cases it seemed necessary to correct for biased reporting. Postwar estimates of production of individual commodities have, in a large number of cases, been revised for underreporting in the early years.

[2]No deductions were made for the value of imported feed (as part of the feed supply from which domestic livestock was produced).

[3]Excluding the value of the imported feed (as part of the feed supply from which domestic livestock was produced).

Four approaches were made to the study of marketing developments, marketing problems, and international trade in and with western Europe including (a) attendance at, and participation in, an international meeting and discussion on market development and the potential of supermarkets and suburban shopping centers in Western Europe, (b) a special survey of market development and especially supermarkets in Austria, (c) a study of public food markets in Copenhagen, Denmark; Paris, France; and Milan, Italy, (d) visitations and conferences at agricultural headquarters of American Embassies and at the remaining offices of the International Cooperation Administration (I.C.A.) for technical assistance.

1. Market development, and the potentials and problems of supermarkets and shopping centers in Western Europe - discussions at the Green Meadow Foundation meeting in Zürick, Switzerland.

This meeting was an outgrowth of the efforts of Mr. Gottlieb Duttweiler, successful owner and manager of the Migros chain stores of Switzerland, who is also well known for his interest in public welfare, international trade, and international affairs. A subsidiary of the Migros organization, known as the Green Meadow Foundation, has been organized to sponsor and further programs in public welfare and improved international relations. Two major projects are in effect on a continuous basis. One is the maintenance of a beautiful park with recreation facilities and food service and refreshments at cost to those who come to enjoy it, and with emphasis on favorable recreational facilities and special programs for children. This famous Green Meadow park which is located about 7 to 8 miles south of Zürick, at Rüschlikon, was the former large estate of Mr. Duttweiler. The second continuous project is the international meeting which is held annually at Hotel Belvoir in Rüschlikon and financed by the Green Meadow Foundation. The object is to discuss economic and social problems that are of current interest. There were about 150 people in attendance at the 1957 meeting which was devoted to the discussion of "The Supermarket and Shopping

Center Development in Europe" and "Problems of Creative Leisure." There were participants from Belgium, Denmark, Germany, Egypt, Spain, France, England, Italy, Luxemburg, the Netherlands, Nigeria, Norway, Austria, Poland, Sweden, Turkey, the United States, Canada and Switzerland. All formal presentations and discussions were given or translated into English, French, and German. This meeting provided an excellent opportunity, not only to listen to formal presentations and to enter into discussion, but also to confer with, and exchange ideas with, representatives from all the participating countries that have been listed.

In order to understand the differences in methods of marketing and the reactions and attitudes of people to a particular method or development it is necessary to be familiar with the basic situation and prevailing circumstances. It has already been pointed out that in 1955-56 agricultural production in Western Europe was about 25 percent above the prewar average, with a population increase of only about half of that or about 13 percent. This clearly indicates that more domestically produced food is available per capita and that living standards in terms of food consumption are higher in Western Europe than they used to be. It was also pointed out that with technological advances and mechanization in both agriculture and industry there has been a decided increase in the productivity per man. One representative at the Green Meadow Foundation meeting in Rüschlikon, Switzerland suggested that this development might soon lead to a 5-day work week in Western Europe. A shorter work week and increased motorization might in turn lead to a stronger migration into the suburbs, and this would have an effect on the kind of marketing methods that might be most fitting and effective. The pattern of marketing in most of Western Europe is somewhat more like that in the industrial areas and centers of large population in the United States and less like in the surplus production area of the middlewest. The marketing of agricultural commodities is usually more highly organized in areas where production exceeds consumption, and that are a long distance away

from the terminal markets. In areas where food consumption exceeds production there usually is much more direct producer to consumer selling, or producer to retailer to consumer selling, and less organization in the marketing system. It has been pointed out that for most food items the whole area of Western Europe is on an import basis, consequently there is much more of the latter type of direct selling, and less of the large scale organization and streamlining in the marketing system, such as is common in the major production areas in the United States.

The success of supermarkets in the United States has been based on "mass selling". This requires that the items to be sold must also be available in large volume lots either directly from producers, from producers associations or other types of wholesalers. Although supermarkets are developing rapidly in Western Europe, as will be pointed out later, this factor of the lack of availability of large volume lots, is one that might have a retarding effect on supermarket development. Most of the small producers have consumers near at hand in Western Europe so that a pooling of the produce from many small producers may not be practical and efficient.

The prospect of motorization in Europe was considered an important factor in the prospect of supermarket and especially shopping center development in Europe. It was pointed out at the Green Meadow Foundation meeting that it might seem that the manufacture of trucks and trailers and the distribution of food to the homemaker has little relationship to each other, but, that upon re-examination it would be found that the types of vehicles available, and their distribution, would have a profound effect on shopping habits and consequently upon the policies and methods of wholesaling and retailing food. In this connection it should be pointed out that the public market place, not only in the larger cities, but in most of the smaller cities in Western Europe has been the major place for buying and selling food and other agricultural items. The produce was delivered directly by the producer, or was shipped in via rail, and the

public market was, and in many instances still is, in a location not far from the railroad station. The rail supplies were transferred to the public market place via horse and wagon, ox or cow and wagon, and in many cases in hand carts which were pulled and pushed by the people themselves. These conditions and arrangements are not conducive to the development of supermarkets in suburban areas or to shopping centers that might be still further removed from the center of the cities and villages. Although these factors have prevailed in the past and will slow up the development in the future, the trend is toward more motorization in Western Europe. It was pointed out that without the fast and efficient commercial vehicles it would hardly be possible today for large numbers of the community to enjoy the fresh fruit and vegetables now offered to them daily, and farmers would have to spend far more time and effort in bringing their produce to market. Many special vehicles such as milk tankers, refrigerated meat carriers, and so on, are serving the food industries, and will do so increasingly as the Western Europe economy develops further.

Motorization in terms of commercial vehicles is not the only factor in marketing developments. The public market in the city square or elsewhere in the towns of Western Europe has been and to a large extent still is patronized by people who come there afoot, or probably ride their bicycle, or at best come with a motorbike. The American suburban supermarkets, and especially the shopping centers are highly dependent on, and patronized by those who have automobiles. That this is not a limiting factor in the United States is indicated by the ratio of cars to people which is 1 to 3. However, while in the United States there is one car for every 3 people there is only one car for every 20 people in the whole of Western Europe. This relationship of one to twenty is an average and in some countries it is only 1 to 12, which means that in other countries it is even much wider than 1 to 20. To the extent that this ratio varies within Western Europe there may be a difference in the rapidity with which supermarkets and shopping centers will develop. However, Western Europe is motor-

izing at a fast pace. In the four years of 1950 to 1954 the registration of passenger cars more than doubled in some countries, and increased by more than 50% in several others. In many areas the percentage increase from 1950 to 1954 was larger than during the whole of the previous twenty years and the rate of increase since 1954 shows even greater acceleration. This to a large extent is a reflection of increases in productivity, comparatively full employment, a generally strong economy in the later years and consequently more purchasing power on the part of many people. Western Europe is crowded, and so it is expected that the emphasis will be on small and medium size cars which cost less to buy, use less fuel, and are easy to drive and park in congested places.

One of the outstanding examples of successful supermarket development is the Migros organization in Switzerland, with its main headquarters in Zurick. A number of Migros supermarkets were started in 1952 in different parts of Switzerland, with a wholesale distribution point in Zurick. The rapidity in growth is indicated by the volume of the largest store at Limmat Place in Zurick where a total volume of business of over 16 million Swiss Francs was done in 1956,or about 4 million dollars. The modern refrigerated meat counter closely resembles that of a meat counter in a supermarket in the United States, except that it includes less packaged meats.

To close the gap between the supermarket type of merchandising and a lack of motorization and automobile travel, the Migros organization started some "stores on wheels". The "departmentalized" trucks are loaded with food and non-food items at the wholesale center in Zurick. Two driver salesmen go out with each truck, and 18 to 20 stops are made per day. The same route is followed each day and a fairly close schedule is followed so that the local people know when the "store on wheels" is there, with the items they want to buy. Sales from one truck average about 2400 Swiss Francs or about 600 dollars per day. A variety of items are offered to the extent the sizeable truck can carry them. There have been some problems in connection with the "stores on wheels" but gen-

erally the venture has been quite successful. If Switzerland motorizes substantially more in the future, this type of merchandising may no longer be needed.

Another very significant factor in food marketing which is again directly related to income levels and purchasing power is the availability of refrigeration for preserving and storing food in both the shops and the homes. The development of supermarkets and shopping centers in the United States pretty much paralled the increase of refrigeration in the home, orginally by way of more household refrigerators and more recently by supplementation with deep freezers. Western Europe had electricity in the years gone by which was available to individual families when it was practically an unknown item in the United States, and when it was especially unavailable in the rural areas. But the use of electricity was limited to electric lights. The income of the people and their resulting purchasing power did not permit expanded use of electricity even though they might have put it to excellent use for such purposes as household refrigerators and deep freezers. Although the use of electricity in Western Europe is expanding rapidly, like the purchase of automobiles, the limited use of it is still a limiting factor in the development of supermarkets and shopping centers. When refrigeration is not available in the home, the homemaker must make more frequent visits to the market in order to provide her family with fresh fruits,vegetables, fresh meats and animal products such as milk. The market place or the wholesalers or processors who supply the market, are to a degree the community pantry for perishable or semi-perishable food items. This is quite different from the system of supermarkets and shopping centers in the United States where families travel by car and stop to shop for a week's supply of their food, including the perishables. There is no problem,because upon return home any perishable items find their place in the household refrigerator or probably in the deep freeze. Wholesale cuts of meat and other volume supplies of perishables may also be brought home because when they are once placed in the deep

freeze the quality will not be lost for a considerable period of time. Western Europe's people also want and will get these conveniences, but the rapidity with which they will get them and the extent to which they will be possible will depend on the possibility and initiative they have in increasing the productivity per person and thereby their income and the resulting purchasing power. The development and expansion in refrigeration will in turn affect the type of marketing and especially the development in supermarkets and shopping centers.

A few examples from Western Europe will suffice to indicate that the freezing industry is making considerable progress. Since 1950 more than 13,000 and largely open top deep freeze shop cabinets have been installed in Sweden. It should be emphasized that these were shop cabinets and not refrigerators or deep freezers in the homes. The sales of frozen food items in Sweden in 1956 were 52% fish, mostly fish fillets, 35% vegetables, 7% fruit, mostly berries, 3% juices, 2% poultry and 1% miscellaneous. In Great Britain there were about 20,000 shops with deep freeze shop cabinets in 1956, from which mostly home grown vegetables, some fruit, and increasing quantities of fish fillets were being distributed along with a considerable volume of imported frozen vegetables and fruits. In Holland there were about 5,500 shops with deep freeze shop cabinets, with considerable density in some areas. The major items in the deep freeze units again were vegetables, fruits, and fish, but with increasing emphasis on poultry meat.

The development of the frozen food industry is generally moderate in Western Germany, Austria, and Belgium and has only a very modest start in Italy and France.

Still another important factor in the kind of food processing and marketing that is needed, and the types and forms of food that are most saleable is the amount of purchasing power available for food purchases. This is considerably less per capita in Western Europe than in the United States. Like in the United States, there are many non-food items that compete with food for the available family funds. The work time required to earn and buy food and non-food items in various countries in 1955 was as follows:

Minutes of Work Required to Buy Food and Other Items in October, 1955

Class and Item:	Unit	France (4 cities)	Italy (8 large cities)	Belgium (3 cities)	Germany (Federal Republic)	Denmark (Copen-hagen)	United Kingdom (7 cities)	United States (46 large cities)
Meats and Fish:								
Beef, sirloin	kg	309	329	253	156	96	145	34
Pork, loin chops	kg	211	350	191	172	108	139	56
Fresh fish-misc.	kg	83	278	130	57	26	62	29
Dairy Products:								
Milk-pasteurized	liter	18	29	16	13	8	15	7
Butter	kg	332	403	216	225	105	127	49
Eggs-fresh:	1 egg	11	13	8	8	5	7	2
Fresh Fruits and Vegetables:								
Apples -for eating	kg	42	41	24	34	23	36	9
Cabbage-green or red	kg	16	-	9	9	6	13	5
Onions	kg	24	17	12	18	19	15	6
Potatoes	kg	7	13	5	6	7	9	3
Miscellaneous:								
Cigarettes	20	33	51	21	54	45	54	7
Coal-misc.heating types	50 kg	348	738	234	115	127	96	44
Electricity for light	KWH	11	14	8	7	1	2	2
Gas-for cooking	50 cu.m.	632	571	375	423	239	220	63

From the foregoing table it can be observed that most of the people in Western Europe must spend more time and more of the resulting income from their work for a given item of food than is necessary for people in the United States. When this is applied to the total food needed for the family, it means that people in Western Europe have to spend a larger percentage of their total purchasing power for food and consequently have comparatively less for non-food items than the people in the United States. A second factor is that they buy and eat more of the lower cost foods such as potatoes, cereal products and lower quality meats. What effect will this difference have on food marketing developments in Western Europe? In the United States the total per capita expenditure for food has increased materially in the last two decades. However, when allowance is made for price increases and for the cost of additional food marketing services the per capita expenditures were nearly the same. Stated differently, there was only a slight increase in the per capita volume of food sold, and there was a change in the types and kinds of foods sold, but most of the additional expenditures for food were for improved processing, more and better packaging, total and semi pre-kitchen preparation such as pre-cooked meat, ready for the pan chicken,and other "built in maid service." These additional expenditures for food to a large extent paralleled a period of full employment, good wages, and comparatively high income and the resulting strong purchasing power. In Western Europe where a larger percent of the total purchasing power must be used to purchase food for the family and where this situation is not apt to change very rapidly the emphasis in food merchandising whether in supermarkets or smaller community stores no doubt will and should be on different types of foods, probably those comparatively lower in price, and on such methods of processing and packaging so that a larger part of the retail price to consumers will be for the actual food in the package instead of for the package and the manner in which the food is processed, arranged, and displayed. This does not

eliminate the emphasis that will be placed on processing and packaging for purposes of sanitation, preservation and easier handling, and that for some items might even reduce the net cost instead of increasing it. A speaker from Holland emphasized that "quick freezing is the only method of keeping all aromatic and nutritive qualities and component elements of the fresh perishables." To the extent that the buying public in Western Europe can afford it there will no doubt also be many marketing developments, including deep freezing, similar to those in the United States. However, the cost factor is more significant in Western Europe than in the United States. This has been indicated by the slowness with which some food items, and especially the semi-luxury items, have at times moved out of the deep freeze shop cabinets in some areas of Western Europe. An owner and operator of a deep freeze business from Holland, but who does business in a number of other countries in Europe, emphasized that the best prospects for sales of frozen foods in Western Europe rest with foods that are part of the health of the people such as vegetables, fruits and fish. He mentioned the possibility of freezing and selling more cut up and ready for the pan poultry meat as an item that would not be too costly yet very good for the consumers.

Before the "new idea" of supermarkets and shopping centers will have a generally favorable reaction there will also be some tradition to overcome. Change appears to be somewhat slower in the older parts of the world. This was the main reason for the effort of the National Association of Food Chains and the Department of Agriculture in 1956 when they collaborated in displaying a typical "American Way" supermarket in Rome. The occasion was the Third International Congress of Food Distribution. About 2,000 representatives of the world's food industry saw a United States supermarket on display. Hundreds of thousands of Italian men, women, and children passed through the aisles and marvelled at this feat of modern marketing. Some people suggested that the idea of streamlined supermarket buying would not be accepted because the Italians were so

used to, and liked, their small shops. However, since then three supermarkets have opened in Rome and are doing well and five supermarkets are being opened in Milan, Italy. The development appears to be very rapid in Yugoslavia. An American supermarket attracted keen attention at the international trade fair in Zagreb in the Fall of 1957. Yugoslavia bought the equipment and opened what it announces to be the first of 60 markets to be erected during the next three years. Other efforts at displaying American methods of food processing, packaging and distribution were the food fairs, which were arranged and attended by American personnel in Greece and Poland during the summer and early fall of 1957.

A special problem is involved when separate shopping centers are considered in Northern and Western Europe. It is the same question that arises to a more limited extent in the United States, namely, where can land be purchased in a fitting and fairly accessible location for such a development. The same problem exists in the development of the necessary hard surfaced roads for the increased motorization of Northern and Western Europe. Land is much more fully developed and used and is comparatively scarce and high priced. Long term capital which is required for the erection of shopping centers is also scarce and costly. In spite of these problems there are many cities that are "bursting at the seams" and where the development of suburban shopping areas is merely a matter of time. According to representatives from different European countries who attended the Green Meadow Foundation meeting at Rüschlikon, Switzerland, it no longer remains a question of whether there will be shopping centers in the peripheral areas of the city or some distance farther out, but merely a question of when they will develop, and in just what manner. It was repeatedly emphasized that shopping centers will have to be adapted to European conditions and to the conditions in the individual countries, and that the development may vary considerably within Western Europe. Where land is comparatively not quite so scarce and high priced and investment capital is more readily available, the development is apt to be more rapid than if land is hard or next to impossible

to get, and the investment capital is lacking. Sweden has had some experience. There is one shopping center in Vällingby, a suburb of Stockholm, with 24,000 inhabitants, and another in the town of Lulea which has 27,000 inhabitants and which lies in Northern Sweden only 120 kilometers (75 miles) south of the Arctic Circle. A third one is being constructed in Farsta which is another suburb of Stockholm. To date the Lulea center has had some struggles and the Swedes have concluded that it requires more population for a successful shopping center. Although there are only about 24,000 inhabitants in the Vällingby suburb, where there is a beautiful shopping center, this center is in close proximity to other suburbs of Stockholm, such as Bromma. It is estimated that in a somewhat irregular manner a population of 80,000 people have quite ready access to it and do some shopping at Vällingby. One feature that is different, and which was questioned by some of the other Europeans is the role of the city of Stockholm. The land in the Vällingby project is all owned by the city of Stockholm, so that the general arrangements were made, and the business areas were planned, by the city architects of Stockholm. A detailed report on "The Shopping Center in Europe - Experiences in Sweden" by G. Lindblad, can be obtained from the Cooperative Society in Stockholm, Sweden or from the Green Meadow Foundation - Migros Organization, Zurick, Switzerland.

2. A special survey of market development - a case study in Austria.

A very favorable situation existed in Austria for the study of general economic and marketing conditions and the study of potentials for market development. Because the eastern part of the country was occupied by the Russian Communists for a long period after World War II, Austria was delayed in its post-war reconstruction and rehabilitation activities. Partly as a result of this situation, there were still some fragmentary efforts in the area of marketing and market development on the part of I.C.A. (Technical Assistance), in addition to the regular efforts through the office of the Agricultural Attache. I.C.A.

activities have been almost entirely discontinued in Western Europe in favor of the lesser developed areas of the East and Middle East except for the efforts through the regional office in Paris and through local offices and programs in some of the comparatively less developed countries, such as Spain and Portugal. Full cooperation was obtained from both the Agricultural Attache's Office and the I.C.A. Technical Assistance Office in Vienna. A special employee, Mr. Jack Lynn, who was partly financed by I.C.A. but under contract and working closely with the Austrian government,was especially helpful to this reporter in making contacts with Austrian groups, and in highlighting some of the problems and developments.

It was pointed out that economic developments are frequently influenced either favorably or unfavorably by political situations and developments, and by customs and traditions. For this reason it is desirable to provide some background information about post-war and present day Austria. There are 4 political parties including (a) the People's Party, which is conservative, (b) the Socialist Party which is liberal, (c) the Communist Party, and (d) a "right wing" party. It is interesting to note that although a large area of Austria was under Communist rule for a number of years, the people themselves, when given a right to vote, have rejected Communism. The Communist Party in Austria is now so small that it is considered to have no political influence. The situation is the same for the far "right wing" party. The government of Austria in 1957 was a coalition of the two major parties namely, the People's Party and the Socialists Party.

From the information available it appears that the economic potential is quite good for Austria, and better than for many of the other countries of Western Europe. Austria has abundant resources and in 1957 had practically full employment, in spite of the numerous Hungarian refugees who have remained in Austria. Austria has developed its water power. It has oil fields including the biggest one west of the iron curtain. Unfortunately, a large volume of

petroleum from Austrian oil fields must be shipped to Russia as a result of post war negotiations that pertained to Austria's independence. In spite of that, Austria is practically self sufficient in petroleum products except for some high quality gasolines that are imported. About 42% of the Austrian area is in forest. The forest products have been excellent export items, but the forests have been exploited.

Austria is on the border between the oceanic and continental climate,which makes the conditions for crops very favorable and certain. The industries in western Austria include glassware, fashioned leather goods, textiles, custom jewelry, and nitrogenous commercial fertilizers. Almost all types of machinery, including farm machinery, are manufactured in eastern Austria. It is interesting to note, and it should be emphasized, that American representatives who know Austria well feel that Austria could support its inhabitants at a comparatively favorable level of living if the resources were more fully developed and utilized, on a sustaining basis. However, they also point out that there is a big problem in getting sufficient capital for building, re-building and for the development of more modern and efficient production, processing, and marketing industries. Export industries are needed, because the Austrian people need a number of items that must be imported including coal (which usually is obtained from the Ruhr of Germany or from the United States), cotton, feed grains, wheat, lard and tobacco. Austria has a practical example of what is involved in international trade, namely that it must be a two way (bilateral) or a multilateral program, and cannot be a one way operation. If Austria cannot find items for export that can be sold to earn and obtain the currencies needed in other countries, it will soon be hampered in buying and importing the food and other items that were listed and which her people want and need. In its trade relations with the United States, Austria was in a very good "dollar position" in 1957.

Business and resource development appears to be slower in Austria and in other countries of Europe than in the United States. Reference was made in an

earlier section of this report to basic economic factors that not only slow up but make certain areas of business and resource development impossible. However, reference is made here to additional factors that are of a traditional, organizational, and political nature, and that could be altered or eliminated, according to the ideas of both the Europeans and Americans who are most familiar with them. The group organizations in Austria and in some of the other European countries that represent industry, labor and agriculture seem to be rather closely allied with their government agency, and seem to perform semi-governmental functions. For example in comparison with the United States many of the functions of the Government Department of Commerce, in Austria and in many other European countries, are turned over to the Chamber of Commerce (organized industry), many of the functions of the Department of Labor are turned over to the Chamber of Labor (organized labor) and many of the functions of the Department of Agriculture are turned over to the Chamber of Agriculture (farm organization). This arrangement seems to have led to decisions that are based on what is best for the specific group concerned, namely industry, or labor, or agriculture rather than what is best for the consuming public and the people as a whole. Inspections and regulations pertaining to food products, types of food products, methods of packaging, etc. are some examples. Why should a business representative who is in a position of control in the Chamber of Commerce vote for approval of a certain food product, or a method of processing or packaging which would render his own plant and equipment obsolete? Yet this new product or new method of processing and packaging might be of real value to the consuming public, and be of real progress. This is merely an explanation of why there seems to be much more of a "status quo" attitude in many countries of Europe, as exemplified in Austria. The item of car repair provides an interesting example. Only the motor work can be done in one place. If tire repair is needed the motorist must go to another shop, and if auto body work is needed he must go to still another shop,

all in a busy and heavily travelled city such as Vienna. If a garage man would want to combine these activities he would face a "cease and desist" order from either the Chamber of Labor or Chamber of Commerce, whatever group originally decided on the "specialized" arrangement, with approval of the government. New methods and procedures and the development of new products carry a certain element of risk. As long as decisions are permitted and rest with the individual groups, yet are sanctioned by the government, those who make the decisions are less apt to decide in favor of risk taking when they themselves are getting along well under the prevailing circumstances. Yet the risk taking, which might lead to new developments, would be to the advantage of the general public. These obstacles, in addition to the obstacle of tradition, have slowed up, and still slow up,many worthwhile developments, according to the Europeans and Americans who are the closest to, and know most about,the situation. In this connection it was suggested that in spite of some of the obstacles that have been referred to, that if the same initiative were put forth in Europe that is put forth in the United States by many of the progressive people, it would lead to comparatively larger results. In Europe many areas and fields are less developed, there is less competition, yet it appears that the needs and desires of the consuming public is such that there would be a ready market for many "new" products or for old products in a "new form". This idea is verified in part by the increase in private United States investments in Europe and by joint United States-European ownership and development of many industrial, manufacturing, and other projects. A development in Germany which was reported in a United Press articles provides an example."A United States New Jersey firm is said to be planning a hotel overlooking the Rhine River in West Germany,north of Andernach." It was emphasized to this reporter that such joint efforts are bound to bring more and larger results than a mere "exchange of ideas" between representatives of the different countries.

It is quite obvious that there is opportunity for progress, and that there are changes and new developments in Western Europe. With the help of U. S. Technical Assistance specialists, a number of new products have been developed in Austria. Most areas of Austria are well suited to the production of tomatoes, but until recently "tomato juice", so well known and accepted in the United States, was an unknown item in Austria. Facilities for making "tomato juice" were not at hand. U. S. Technical Assistance offered to help and today it is not only an acceptable item but one that is in strong demand. A sampling of the Phönix brand of tomato juice in Austria convinced this reporter that Austria must produce very high quality tomatoes because the tomato juice had an excellent flavor, an excellent color, and was quite sweet, even though no sugar had been added. Those who had been involved in this effort, both Austrians and Americans were enthusiastic about similar processing and packing of other home grown fruits and vegetables. There is another important angle to the development of these products. Many import items are available, but are prohibitive in price for the general public. A small can of frozen orange juice was available in Vienna at a retail price of 50 cents. When it is remembered that the purchasing power of Austrians in cents and dollars is far below that of consumers in the United States then it is easy to understand that here is an item which is greatly needed, and well accepted and desired, but which must remain a luxury item, because the cost is prohibitive to most of the consumers.

A trend toward buying in larger lots and selling in and through larger units is indicated by the meat marketing developments in Austria. Most of the retailing of meats is still done through separate shops rather than in food stores. However, in 1956, about 800 small butcher shops and meat markets were closed, indicating the trend toward larger retail units.

Reference was made to the supermarket development in an earlier section of this report. U. S. Technical Assistance personnel worked closely with the retail trade in Vienna in this development. This reporter had the close cooperation of

Mr. Jack Lynn in making a special study, and in preparing color slides of the Dittrich supermarket in Vienna. Employees reported excellent success and a large volume of business since this store opened in November, 1956. The success is also pretty well verified by the addition of several more Dittrich supermarkets. Two will soon be ready and a third one was being planned in September, 1957. The transition was not too difficult for the Dittrich firm that had previously been handling many "specialty" items, of which many had been imported from other countries. Except for a difference in types of commodities and packages the Dittrich supermarket closely resembles a United States supermarket. A large variety of items are available to consumers, as long as they have money to buy. Prices in terms of cents and dollars were generally much higher and as indicated Austrian purchasing power is generally much lower than that of consumers in the United States. Many imported items were on hand of which many came from the United States, such as Ritz crackers, Heinz tomato ketchup, and Crisco. There was also the item of Coca Cola, which however was probably made in one of the Coca Cola plants located in Europe. There were also a number of items processed and packaged by Armour but these were largely canned fruits and canned fish, and carried a London label. Austria, like Germany, still faces many post-war reconstruction problems. In addition there are the obstacles that have been mentioned in this report. However, the progressive native leaders of Austria and the American Foreign Office personnel agree that much can be done in the years ahead in Austria, and no doubt in most of the other countries in Europe, to "uplift" the general economy, to develop and utilize resources on a sustaining basis, to improve methods of marketing, including improved method of processing and packaging. It was emphasized that what is needed more than anything is encouragement, and people with imagination, with initiative, and with the desire to try and do something different and new. If such human effort can be combined with investment capital, some of which may have to be in the nature of "risk" capital, and with a willingness and determin-

ation for more liberal trading between countries, then the Austrian, and other European people who proceed accordingly, should be able to attain a level of living and well being, such as they have never experienced before. It will not be the sole answer, but it will also be a contribution toward peaceful living between nations.

3. The city public market - an important method of marketing in Western Europe.

In another section of this report it has been mentioned that most areas of Western Europe have a deficit food situation, namely that the consumption of food by the population in the area is in excess of the production of food in the area. This means that the "marketing chain" is usually much shorter in Western Europe compared with the marketing chain in the "surplus production areas" of the middlewest, with terminal markets in the eastern, western, or southern parts of the United States. Western Europe is also much more heavily populated than most parts of the United States, with many cities that are especially heavily populated. What is now Western Germany, or as also called the German Federal Republic, has a land area only 1/3 larger than Minnesota. Minnesota has about 3,400,000 people, but Western Germany has over 50,000,000 people.

The city of Paris, France has about 4,000,000 people; Copenhagen has about 1,200,000; and Milan, Italy has about 1,700,000 people. Because of a lack of motorization in comparison with the United States most of these millions live "closer in", often in close and cramped quarters, nevertheless closer to the city street peddler, the retail shops, and to the location of a central city food market. The city public market of Western Europe may eventually become less important as more supermarkets are developed and constructed, similar to what has happened in the United States, but in 1957 it was still an important method of marketing food. Because of this, several representatives of F.A.S. and A.M.S. in Washington D. C. who had been in the Foreign Service strongly urged this reporter to study this method of marketing, and the conditions surrounding it. Visits and

observations were possible at the city public markets for food commodities in Copenhagen, Denmark, and Paris, France, and at a city market in Milan, Italy where operations were limited to the purchase and sale of poultry products.

The Copenhagen city market: About 40 or more years ago as the population of Copenhagen was growing it was decided that the city food marketing situation was becoming increasingly difficult because the market place was "squeezed in". After a period of study and investigation, the city of Copenhagen purchased land in what was considered to be an accessible suburban area, yet with space to accommodate the necessary activities, and located the city meat market at Flaesketorveg 87 in Copenhagen. Although there are a variety of retail meat markets and shops in the area, the trading in meats in the city market is limited to selling by wholesalers, and buying by retailers all within the city market buildings. Any retailer could buy in this market, but because of location, the buyers are very largely limited to those retailing in Copenhagen. There is no limit on the suppliers. Any wholesaler who will and can meet the prevailing market standards may offer his meat carcasses, and some are brought in from considerable distances. Truck loads of dressed Danish lean type hogs were being delivered to the Copenhagen city market from local slaughtering plants, or from the so-called "bacon factories". The city meat inspectors, who provided most of the information to this reporter, are paid by the city. A rigid system of inspection is followed. The meat that is delivered to the market is cooled but not frozen. It is a requirement in the market that at the end of a trading day all "left over" meat that did not get sold must be moved into the refrigerators that are provided there at the market place on a rental basis. For the retailers who prefer to purchase live animals and thereby have freshly slaughtered meat, slaughtering facilities have been provided by the city a few blocks from the market place. However, slaughtering operations are limited to one day per week.

The city of Copenhagen rents space to the wholesalers at so much per animal

sold, varying of course with the type of animals. It was reported that an average of about 10,000 hogs were being sold per week. The smallest item that may be sold is a half a hog, or the bacon sides. At the time of the visit on August 9, 1957 a dressed hog was selling for about 300 Danish kroner or about 55 dollars. Numerous horse carcasses were on the market at the time of the visit. Horse meat appears to be a regular item for human consumption in most countries of Europe. It was priced at 55 öre, or about 10 cents, less per pound than regular cattle meat.

Much of the apparent success of the Copenhagen city meat market, as emphasized by the city inspectors, is the result of the earlier decision to get it out of the crowded area of the city. The present market is well organized, with many labor saving devices, and is neat and clean. Several retail sausage and meat products shops in the area of the city meat market add to the favorable and correct impression that Danish meats are palatable.

The Paris city market: Much of what was observed in the Paris city market was in direct contrast with the market in Copenhagen, and many reasons for the differences were provided by the Paris city inspectors. The main reason is that the Paris market is completely "squeezed in", and is located in one of the otherwise busiest sections of central Paris, where it was established many years ago. For the last 20 or even 30 years, there has been considerable discussion about moving it to the outskirts of the city, but no action has been taken. In the meantime, the prices for space and of building materials have increased so much that "it now seems financially prohibitive". The cost of a new city market in Paris is estimated at 300 billion francs which would be about 714 million dollars. Paris has 4 million people. If the cost would actually be that high, and if this project were undertaken by the city of Paris it would result in an average per capita city tax of $178.50 or 74,970 French francs. This would be a decided drain on the people of Paris, including many who are in the low and very low income and

purchasing power groups, and who already pay other comparatively high taxes. The development of larger retail units, and retail units of the supermarket type, with purchases directly from producers or from processors and large wholesalers might also be expensive, but quite obviously would be less expensive than to relocate the Paris city market. Although supermarket development may be slower in Paris and other cities of France, compared to the development in the countries farther north, extensive research studies have been made and are still underway in France, so that the most efficient and fitting methods of marketing may eventually be followed.

The size of the Paris city market is somewhat indicated by a group of 35 city inspectors. However, these men are not limited to inspection, but have the responsibility of collecting the rent for the city and keeping the market organized, which seems to require much of their time. Rents are based on sales, such as 90 francs per 100 kilo of cheese, 66 francs per 100 kilo of eggs and butter, etc. The Paris market is quite different from the Copenhagen market in that all types of sales are permitted in the area surrounding the city market buildings, and such sales are not under the jurisdiction of the city inspectors. This may be partly the result of a lack of space within the confine of the regular city market buildings. Because of this there is considerable irregularity, and "almost anything goes". Within the city market buildings the arrangements are quite similar to the Copenhagen market. The deals are between wholesalers as sellers and the retailers as buyers, and sales are not made by farmers nor are they made to final consumers. However, one section of one of the buildings is set aside for retail sales purposes. In this limited section retailers may rent stalls for direct sale of food commodities to the Parisian consumers including such items as butter, fish, cheese, vegetables, fowl, red meats and rabbits, including a number of pickled and other processed items. Much of the selling for wholesalers and buying for retailers is done by commission men who can be employed for that purpose. The commission rates are fixed by the market (the city), such as 15

francs per kilo for butter, regardless of the price at which the butter is sold, and 3 percent on eggs.

A major portion of the selling and buying in the Paris city market area appears to take place outside of the regular city market, and which is not under the jurisdiction of the market inspectors. As mentioned this includes all methods of sale such as from producers to consumers, from producers to retailers, from jobbers to retailers or consumers and from wholesalers to retailers. Even more than in the city market buildings, many commodities are offered for sale in a very limited space, usually on the street, and meat, dairy products, eggs, vegetables, and even non-food items are hanging together or are packed together on racks, in baskets, in boxes, etc. There is no refrigeration under these circumstances. People who are afoot, or on bicycles, or on motorbikes or motor scooters must make examinations of "the items to buy" in order to determine the purchases for the day. Just a short distance down the street on either side are other sellers who are displaying their goods in a similar manner with many potential purchasers also making their examinations in a similar manner. These methods and conditions are not unusual, but they typify not only a crowded but an over crowded Paris city market.

The Milan poultry market: Here was an opportunity to "double check" with native Italians. Mr. Fillipi and Mr. Paperelli, who are egg and poultry handlers, had visited egg handlers and poultry processing plants in Minnesota in May, 1957. The visit in Milan was made September 2-4, 1957. Like the Paris market, but unlike most United States markets, was the lack of refrigeration on the Milan poultry market. This problem was of great concern to Mr. Fillipi who was the only one operating on the Milan market with refrigeration facilities, and who was even more concerned that this was a serious problem after having visited plants and processors in the United States. The lack of refrigeration is the main reason why all dressed poultry in Italy is handled as "New York dressed" and is not eviscerated. Unless refrigeration facilities become more readily available in the future

at the market and in retail stores, eviscerated poultry will not become a retail item in Italy and in many of the other countries in Western Europe. The lack of refrigeration is a much more serious problem in Italy than in some of the other countries of Western Europe for two reasons. First, there is much hotter weather, and hot weather for a much longer period, than in the countries farther north, and secondly, much of the supply of poultry meat is imported from other countries in contrast to countries such as Holland and Denmark who are surplus producing countries and where the supply is near at hand. Some of the supplies that were being offered for sale to retailers on the Milan city poultry market in early September, 1957 had been imported as live and dressed poultry from Holland, and as dressed poultry from Denmark, Yugoslavia and Hungary. Shell eggs were on the market from Yugoslavia and Poland. A truck with frozen whole eggs was also noted enroute in Milan. The frozen eggs, although labeled in English, had been imported from China. The reason given for the English labeling was that it was more universally understood than if it were in either Chinese or Italian. There were no imports of either eggs or poultry from the United States. Italy has re-built considerably since World War II, but has probably not succeeded in speeding up its production as much as some of the other European countries. Consequently, Italy has had difficulty in selling enough goods to other countries to build up currencies for buying the things she needs. This is especially true in earning dollars to buy American goods. In response to this the Italian government took over complete control of imports and granted imports only when currencies, and particularly dollars were available. The Italian government even extended its control over imports from the United States which could be made under Public Law 480 for local currency, namely for Italian lira. However, in the interest of building up the livestock industry within Italy, corn and soybean meal imports were put on the free list. In line with the attempt of Western European countries to create conditions for a broader market ("the common market") the Italian government released its restrictions in August, 1957 and permitted Italian poultry handlers to buy and

import poultry meat from an country they chose. This was greatly welcomed by the Italian poultry handlers. It is expected that they may turn more strongly toward Denmark, Holland, and the United States as sources of supply.Italy, like many other countries of Western Europe, could very likely become a good market for United States frozen eviscerated poultry if contacts were made directly with the new supermarkets that are being established in Rome and Milan and if these stores could develop a sufficient sales volume to make volume shipments from the United States worthwhile, and if over the longer period, and through multilateral arrangements, Italy could provide the necessary dollar purchasing power.

Some of the arrangements and conditions on the Milan poultry market were of special interest. It has been mentioned that live poultry was imported from Holland which was shipped by rail or on large trucks and which usually was enroute for three days. Although the birds, which were mostly yearling Leghorn hens, were fed enroute and also were held and fed for a day before being sold on the Milan poultry market, it was indicated that there was considerable shrinkage in weight. A shrinkage of up to 5 percent must be assumed by the buyer, but any shrinkage above that must be assumed by the seller.

Poultry meat is still a luxury food item for most of the people in Western Europe, including the Italians. Most of the chicken meat comes from egg laying breeds, and especially Leghorns. The question was raised as to why there wasn't more interest in poultry meat breeds or the dual purpose breeds. The answer was given. Because prices of chicken meat are so high the Leghorn fowl is considered plenty large. The average Italian family consists of father, mother, and 3 or 4 children. A bird weighing 4 pounds will be sufficient for one meal, but if it is heavier it will still be eaten, and the cost of the meal will be that much more. Italian families, different from United States families, cannot easily utilize "left overs" because only 40 percent or less of the families have access to refrigeration. For the families without refrigeration, left over food, such as

chicken meat, results in spoilage. This again might be somewhat of an indication that there is a potential market for high quality poultry meat, preferably young birds of the meat type, of the size desired, at comparatively reasonable prices to the consumers of Italy.

Several retail shops were visited in Milan, Italy, to study and observe what is available to Italian consumers. Here again the guidance and explanations of Mr. Fillipi, Mr. Paperelli and Mr. Buelli, an employee of the American Consulate in Milan, was most helpful. The city governments exert a strong influence on retailing in Italy. Both individuals, and the city, or a particular region of the city, own retail food distribution shops. Two city owned retail shops were visited, one in the more central and busier section of Milan and the other on the fringe of the city. Although the facilities are owned by the city, the retailers operate privately. They rent marketing "stalls" or marketing "areas" at rates far below the competitive private rents, and in this manner are subsidized by the city. In return for this subsidy the lesee retail merchant promises to sell his goods at prices as low or lower than those in privately owned shops. The city inspectors are responsible for enforcing this provision.

The retailers are highly specialized into departments. Even such sales as beef and pork are divided between two retailers, or two retail departments. Another retailer handles cheese, another fish, another vegetables, another fruit, another pastries, etc. Some items of food on the retail market, which are not sold in the United States, included (a) horsemeat, (b) horsemeat sausage, (c) donkey salami, (d) New York dressed small birds like sparrows, and (e) cow stomach. This was in addition to rabbit meat and the more common edible by-products which are commonly on sale in the countries in Western Europe such as tongue, heart, liver, kidneys, and oxtail.

Eggs were found to be very high priced and of comparatively low quality. Local eggs are priced higher than imported eggs because it is assumed that they are of higher quality. The Italian handlers indicated that the local eggs are at mini-

mum 10 days old, and usually much older before they become available to consumers, and are entirely without refrigeration while enroute. It was further indicated by them that many of the eggs that are offered at retail in Milan would classify as Grade C according to United States official grading, and the appearance of the eggs which were displayed for retail sale verified their comparison. Retail egg prices were fully double what they are in the United States. When consideration is given to the comparatively low income and low purchasing power of the Italian people in terms of dollars, as compared to that of American people,one can find the reason for the comparatively low per capita consumption of eggs in Italy. Per capita consumption of eggs in Italy is about 100 compared with 365 in the United States.

4. Visitations and conferences to discuss marketing developments and international trade at American Embassies and I.C.A. offices.

Reference was made in the beginning of this report to the excellent cooperation obtained from all Americans in the various areas of Foreign Service. Conferences with American personnel provided an excellent opportunity for this reporter to double check on reports and information obtained from native leaders and native groups, to fill in with information that was still missing and to bring loose ends together, as a means of getting a more complete picture of agricultural and marketing developments and problems.

It was not possible to visit all of the American Foreign Service headquarters because such visits were sandwiched between scheduled meetings, tours and conferences with native leaders in the various countries. Special conferences were held with American personnel, or with their native assistants, in Bad Godesberg, Germany; Vienna, Austria; Rome and Milan, Italy; Paris, France; London, England; Copengagen, Denmark; and Stockholm, Sweden. A number of conclusions were possible from these contacts namely (a) that the situation is quite different in the various sections of northern and western Europe, (b) that economic progress is much more rapid in some countries than in others, and (c) that there is much opportunity to work out problems and hindrances and thereby develop more trade and a

closer relationship between the countries of Western Europe and the United States.

Some stock questions were presented in each of the countries namely (a) to what extent is the country self sufficient? (b) If the country is in need of imports what is hindering it from making these imports in the volume or amount desired? (c) What are the country's major items of exports? (d) What are some of the hindrances in making exports? (e) To what extent should trade be increased with the United States and in what commodities? (f) What are some of the hindrances and problems in increasing trade with the United States? (g) To what extent can the country purchase, or on some other basis receive United States surplus agricultural commodities? (h) What effect does or will such a program have on the country's economy? (i) What effort is being made within the country to increase productivity? Is there any way that the United States can assist in this effort, and if so, how? (j) Is the dollar shortage and the shortage of other foreign currencies a problem, and if so, are there ways of solving it? It will be noted that these questions overlap and dovetail but they provided an excellent basis for discussing the problems that prevail in the various countries of Western Europe, and their effect on, or their relationship to the problems and situations in the United States. Effort will not be made to report the individual conferences but a resume is being presented of some of the information, analyses and ideas that were gained from these visits.

Reference has been made to increases in productivity which have occurred in Western Europe. A specific example was given in a Paris news article regarding cotton, namely "in the past five years the French cotton industry has increased its productivity in spinning and weaving slightly more than 50 percent." This appears to be a significant increase. However, the trade relationships between countries in Western Europe and with the United States are affected by the total of all the increases in productivity, and not only by the increases in one line of activity. In total, France and Italy appeared to have problems, because their productivity had not kept pace with that in a number of the other countries. There

were inflationary tendencies, prices were comparatively high, and the supplies of other currencies, and especially of American dollars, were limited to the extent that they could not buy and import the goods they needed and wanted from other countries in sufficient volume and quantity. The comparative scarcity of supplies and high costs of production in turn made it difficult for them to compete with other countries in the export market. Some other countries of Western Europe have a similar problem, varying in degree from one to the other. A different situation prevails in Holland, W. Germany and some of the Scandinavian countries where productivity has been at a comparatively high level, and where the foreign currencies needed to pay for imports are available in sufficient amount.

A special study has been made of the cotton goods marketing situation in Italy, both domestic and foreign. The information obtained emphasizes the importance of productivity and efficiency in relation to the situation in other areas and other countries. The situation under study involves American policy as well as Italian policy and efficiency. Italy used to buy at least half of her raw cotton from the United States, because she preferred the quality and the type of cotton for the cotton goods which were manufactured in Italy. When the United States entered into its period of high support prices, and consequently offered cotton for sale in export markets at prices considerably above the competitive world market price the Italian manufacturers had to turn elsewhere, even though they preferred the United States cotton. Total purchases of United States cotton by Italian manufacturers dropped to as low as 19% of the total amount used in Italy. The effect of the United States policy to return to the sale of cotton at competitive world market prices is indicated by the increases in purchases of United States cotton by manufacturers in Italy. During the latter months of the year of 1956-57 United States deliveries again constituted 68% of the total supply used in Italy. Trade between Italy and the United States and between other countries of Western Europe and the United States has also been affected by government control of dollar exchange. However, it was pointed out by Italian representatives that the biggest

factor in the cotton trade was the United States price policy. The price of raw cotton is one of the factors in the cost of manufacturing cotton goods in Italy. Other per unit costs of cotton goods are determined by the degree of efficiency and productivity in the cotton mills of Italy. It was indicated that per unit costs have been comparatively high and higher than in other countries, and that the price at which cotton goods can be placed on the export market is therefore also comparatively high. In earlier years about half of the cotton products of Italian mills was exported. Exports have greatly fallen off since 1949 as a result of competition from France, the Netherlands, Belgium, and Germany. Italian cotton mill operators are making serious effort to make the price of their cotton products competitive but an improvement in the situation is not foreseen in the near future. Modernizing and re-modeling cotton mills is a costly and long time process, and capital is limited. It was pointed out that the size of United States purchases of cotton for import to Italy will depend mainly on the rate of cotton utilization in the mills, the United States price of raw cotton compared to prices elsewhere, the domestic demand for cotton goods, and the extent to which Italy can maintain and improve its export position for cotton goods. It should be pointed out that although Italy has apparently been in a rather weak export position in recent years its domestic sales have increased considerably. The volume of cotton fabrics sold in Italy during 1956-57 was 14% higher than it was during 1955-56. The increase in the purchasing power of consumers compared to earlier years is probably the main reason for the increase in domestic sales. However, the increases in domestic sales have not nearly offset the declines in Italian exports of cotton goods.

In this example of the development in the cotton goods industry in Italy there is also an excellent example of the effects of such developments within a country on trade relationships with other countries. It also illustrates that trade relationships frequently require an interest on the part of the exporting country in the internal business developments, problems, and policies of the importing coun-

try. The loss in Italian exports of cotton goods may be of little concern to the United States, and may affect the United States market for raw cotton very little if it is assumed that the countries in Western Europe who have increased their cotton goods exports as an offset to decreased Italian exports, are also importing their raw cotton from the United States. However, for purposes of analysis, if it is assumed that such other countries favor sources of supply of raw cotton other than the United States, then the United States has a real interest in the cotton manufacturing industry of Italy as a means of maintaining and expanding its market for raw cotton. This might require loans, technical assistance, or joint ownership and otherwise joint effort in modernizing and increasing the efficiency of the cotton goods industry in Italy.

The difficulties currently confronted in the cotton goods industry of Italy have merely been set forth to exemplify the problems that prevail in countries of Western Europe, which either directly or indirectly affect trade and other conditions in the United States, and that these problems in turn can be intensified or made less serious depending on United States Agricultural and trade policies. Agricultural Attaches and other American Embassy and I.C.A. representatives were unanimous in their suggestions that one of the biggest "road blocks" to expanded trade and improved international relations is the lack of understanding among the masses, in both the United States and Western Europe, that trade must have a two way and not a one way route. If increased understanding could be developed, and sufficient influence could then be exerted on the legislative officials who vote on and determine policy there might be a possibility to overcome the second obstacle that was mentioned. The second obstacle is constituted by the special interest and special trade groups who are anxious to resort to any method and any form of trade barriers in order to eliminate competition and protect their own interest; and who share no concern as to what is best for the United States and its people as a whole, nor what is best from the standpoint of improved international relations and world peace.

Would "this country" like to import more food and other items from other countries? The answer was unanimously in the affirmative, but was usually followed by "but they don't have dollars", marks, guilder, kroner, etc. or whatever was needed for the specific item under consideration. To which frequently was added that "if the United States, (or other countries) won't buy from them, they cannot buy from the United States." In addition to these suggestions and analyses, continued reference was made to the great importance of permitting and encouraging multilateral trade and to the advisability of limiting bi-lateral trade arrangements and trade agreements.

It was emphasized and re-emphasized by American representatives in European foreign offices, and by many native agricultural and other leaders, that there are many uneconomic man-made barriers to mutually advantageous trade and the flow of investments, which are preventing the nations of the free world from achieving their full economic potential. This reporter was greatly reaffirmed in his position that we in the United States and our friends abroad must work together and undertake to lower the unjustifiable barriers to trade and investment, and we must do it on a mutual basis so that the benefits may be shared by all. Such action will add strength to our own domestic economy and help assure a rising standard of living among our people by opening new markets for our farms and factories. The United States should take the leadership in promoting a high level of trade which can be accomplished by:

(a) the elimination of uneconomic man-made barriers to trade,

(b) by the greater flow of capital among nations of the free world,

(c) by greater convertability of currency,

(d) by an expanded interchange of technical knowledge, and

(e) by an increase in international travel.

Discussions of the possibilities and problems in disposing of United States "surplus" agricultural commodities were especially interesting and worthwhile. A "warning" was issued in practically every conference, namely, that we in the

United States must take due account of the effect of any agricultural program on our foreign economic relations, to assure that it contributes to the development of healthy conditions, expanding foreign markets over the years, and to international good will. A number of "considerations" were suggested to determine whether the net result will be positive or negative in terms of the aforementioned goals:

(a) Will surplus disposal be more in the nature of supplementing local and nearer by supplies, or will it be in the nature of replacing them? This will in large part depend on the surplus disposal volume and its relationship to local and nearer by supplies. Supplementation might have a very positive effect, and result in a very favorable attitude. A late frost in the spring of 1957 resulted in a greatly reduced fruit crop in a considerably large area of western Europe and fruit prices rose to a comparatively high level in the summer and fall of 1957. Imported supplies were welcomed in the market and the exporter had comparatively favorable prices. Sales of fruit in the same markets in a year when local and nearer by supplies are abundant, and which would have to be offered at a lower price, might readily be referred to as "dumping" and especially so if such supplies would be offered at a price considerably below the already comparatively low price in the area. The total effect would be completely negative instead of positive.

(b) What will surplus disposal do to the prevailing local supply and demand, and price, relationship? This question is closely tied in with the previous one. Production and thereby production costs over the longer period are geared to the prevailing demand. It is quite obvious to those who have been able to compare production methods and production costs in the more developed areas with those of the lesser developed areas that food and other supplies could be produced and transported by the people in the more developed areas and still be offered in the lesser developed areas, at a price below the cost of production in the lesser developed areas. However, natural barriers and in many instances man made barriers have not only permitted, but have encouraged

such a structure and such high costs of production in the lesser developed areas. Without it, the consumers in the market area would not be able to purchase what they want in the volume desired. "Surplus disposal" in such an area, even with the best of intent, would raise havoc with the prevailing economic pattern. Either a large volume offered at prevailing market prices, or a smaller volume offered at "cut rate" prices (which are subsidized by taxpayers of the exporting country, such as the United States) would have the general effect of lowering the local prices to a level below their "longer time" cost of production. Distinction must be made here between offering food and other supplies on somewhat of a trial basis in an effort to develop markets, and that of spasmodically trying to sell, or give away "surpluses" just to get rid of them. Longer time effort should be made (technical assistance) to help lesser developed areas reduce their cost of production, shift production resources, and <u>through trade</u>, maybe with the United States, obtain their food and other supplies at lower costs. This is a longer time program and is much broader and different from a surplus disposal program where little if any attention is given to the effect it has on the prevailing supply, demand and price relationship, and on the total economy and the good will of the people in a particular country.

(c) What will United States surplus disposal programs do to the existing marketing patterns in a larger area, such as Western Europe? This question not only involves the country to which shipments are made, but frequently involves other countries as much or more. A surplus disposal shipment at reduced prices or as a donation to a specific country may keep a neighboring country or countries out of their well established and longer time regular market. England has long been the outlet for the shippers of lean pork and bacon from Denmark. Surplus disposal shipments of pork by the United States to England at greatly reduced prices might be considered <u>unfair competition</u> by Denmark. Shipments of surplus butter from the United States to Germany a few years ago at greatly reduced prices had a very negative reaction in Denmark and Holland. They had been the

regular suppliers to the butter market in Germany on a competitive basis, and felt that they had been "robbed" of their market. This reporter heard about "surpluses" of dairy products in Sweden in 1957. The same report was heard in Western Germany. In Italy they talked about a surplus of cheese which is the major dairy product in that country. Under the circumstances United States' surplus disposal shipments of dairy products would not be especially welcomed in these countries, even if they were offered at competitive prices, and would certainly be frowned upon by the producers and others if offered at greatly reduced prices. They would no doubt react about the same if United States surplus disposal shipments of dairy products were made to adjacent or other countries who are normally supplied, in whole or in part, by the countries of Western Europe who had the "surpluses".

(d) What effect will United States surplus disposal programs have on the longer time and more normal economic trends in Western Europe? The present period will no doubt go down in history as a period of great change in Western Europe. The reshuffling of millions of people from east to west and the reconstruction since the end of World War II, mechanization, increased motorization, modernization and improved methods of marketing, the "common market" since January, 1958, comparatively better incomes and a higher level of living are all partly responsible for the total change. The exact economic pattern of 10, 20, or 50 years hence cannot be accurately predicted. Surplus disposal programs should enhance and not retard economic development and progress. Reference has been made to the current abundance of dairy products in Sweden. Until now most of the countries on the continent of Europe have had few if any beef cattle, as they are known in the United States. The dairy cows have served a dual or triple purpose, namely milk and meat, or in the countries of Europe farther south it has been milk, meat and draft power. A shift away from dairy cows requires a shift to other roughage consuming animals. The raising of beef cattle is still a minor

industry in Sweden but has a start and is expanding. To the extent that grain concentrates are available there is also an expansion in the poultry industry. From all indications these are desirable and logical longer time developments which should be enhanced and not retarded. In-shipments of either red meats or poultry products under artificial and cut price surplus disposal programs might be a hindrance to these developments. Sweden is importing considerable edible red meat by-products from the United States, like Holland and Germany, including tongue, heart, liver, lungs, kidneys, etc. These items which have good consumer acceptance in Europe are supplementary to their own meat supplies, are available to them at comparatively reasonable prices, and do not in any way conflict with desirable local economic developments.

(e) Do the countries of Western Europe always favor the circumstances under which United States surplus disposal shipments are made? This question had a variety of answers, but they were not all favorable. Most important among current programs to aid surplus disposal and to increase exports is United States Public Law 480, or the Agricultural Trade Development Act of 1954. Title I of this Act permits certain sales of surplus farm commodities for local currencies. The Act provides for various ways in which the local currency received in payment may be used, such as developing new markets for United States agricultural products and promoting economic developments in these countries. Title II of the Act authorizes gifts of farm surpluses to friendly nations to meet famine or other relief requirements. Title III enlarges the provisions for surplus disposal through barter agreements and authorizes the C.C.C. to donate surplus food to private relief organizations for distribution in countries where it appears to be needed. On the surface it might appear that people in other countries should greatly welcome all the benefits that could accrue to them when the provisions of Public Law 480 are carried out by the United States. Food donations (Title II and III) might be welcomed by government officials and read-

ily accepted by low income consumers, but bring a different reaction from local producers. The producers are concerned about what it will do to the longer time supply and demand and price relationship, to which reference has been made and which was explained in an earlier section. They conclude rather readily that it will drive their prices down. The least objection to surplus disposal under Public Law 480 was found when the item was sold for local currency and was earmarked for purposes of research and economic development in the country where the surplus disposal was made. The reaction to longer time United States "market development" with local currency seemed to vary depending on whether there was an understanding of the value of trade and therefore a favorable attitue toward a more "common market," or whether there was a strong attitude of self-sufficiency. This in turn varied somewhat with the degree of self sufficiency that can be attained in the various countries of Western Europe. A generally adverse attitude was found to large scale "surplus disposal" buying from the United States with local currency (Title I). There appears to be a feeling that if the United States obtains an abundance of local currency it can exert an influence in that country beyond what is desired. This is exemplified in the experiences in England. Fruits, tobacco and some other United States "surplus" commodities have been sold to England for Pound Sterling and the proceeds have been used in several ways. Houses have been built for American military personnel. These houses will eventually revert to the British if, and when, no longer needed. More American Pound Sterling are being used in a research and survey program in market development. There have been these projects and some others where the American Pound Sterling were earmarked, however, beyond this there has been, and still is, a rather firm policy that "we want to trade in dollars, or not at all."

Inconsistency in trade policy. A definite inconsistency in United States trade and merchandising policy was found in Western Europe, which was verified by United States Foreign Service representatives and which appears to be one of

the major problems in market development. There appears to be a firm opinion among people in the United States that sales and especially repeat sales within the United States are the result of consumer satisfaction. Constant informational effort is made to get producers and handlers to furnish "what the market wants". Much merchandising effort is made, which usually involves considerable expense, in preparing, processing and packaging food and other items so that they will be most acceptable to the consumer. If this has merit "at home" then it seems it has as much or even more merit in developing market outlets and satisfying consumers in other countries. Instead of placing effort and emphasis in the direction of satisfying consumers in other countries there seems to be an attitude on the part of many United States sellers that the consumers in other countries should adjust to our methods of processing and packaging, and to what may be the most difficult to attain, to our consumption habits. This observer, obtained a very firm impression, and there is strong concurrence on the part of many United States Foreign Service representatives, that foreign market development has greatly lagged because of this indifference on the part of United States sellers, and that much could be gained, and sales could be greatly increased if more consumer preference surveys were made and the United States sellers would then be guided by, and act according to, the available information.

An example is provided in the use of preservatives in food for maintaining quality. The use of chemicals such as Acron for preserving poultry meat is a common practice in the United States. Questions have been raised about the effect on consumers if a substantial amount of such "preserved" meat is consumed. According to the United States Food and Drug Inspection Department such preservatives in human foods are "not injurious to human health". However, this reporter had many questions about such preservatives from people in Switzerland who are buying and consuming some of the "preserved" United States poultry meat. Much concern was expressed that it might be injurious to human health.

Effort was made through the Foreign Agricultural Service U.S.D.A. to get the available information on this subject to the Swiss leaders who are eager to be further informed and to pass on this information to their people. They want to buy poultry meat from the United States, and with the available information, it is quite certain that the use of preservatives will not hinder the development of poultry markets and poultry meat marketing in Switzerland.

If preservatives in poultry meat are not injurious to the human health of Swiss consumers as determined by the United States Food and Drug Inspection Department, then why are preservatives in wine injurious to the human health of United States consumers although the equivalent of the Food and Drug Inspection Department in France has declared them to be non-injurious? The objection to preservatives in wine by the United States was given as one of the biggest obstacles to trade in wine between France and the United States.

Why should preservatives in wine be injurious to United States consumers and not be injurious to French consumers? Herein lies the inconsistency to which reference has been made. It can be argued that government standards are not the same in different countries. Herein obviously lies the difficulty. State standards are not all the same in the United States, but constant effort is being made to make and keep them uniform. Much more effort is needed in this direction on an international basis. The final decisions on what is injurious or non-injurious to human health should rest with specialists in the applicable fields of science. They should not be influenced by, and geared to the desires and demands of those who can use "rigid" standards to avoid competition. To permit this can only lead to one result, namely less market development, and a lower total volume of international trade.

The need for more uniform international health standards, and for scientists and regulatory officials to get together on an international basis was also emphasized in England. The trade in lard between the United States and Great Britain has encountered many problems. The British are used to, and want, a <u>firm</u>

lard. The lard from the United States is comparatively soft because it comes from somewhat more of a fat type instead of a lean type hog. British buyers also object to anti-oxidants and preservatives in lard, such as those used in the United States . Recently British regulation officials approved 3 types of anti-oxidants, but none of these are used by processors in the United States.

The trade in edible by-products from red meat animals between the United States and Western Europe has encountered a health standard problem of a somewhat different nature. The market for these products including tongue, heart, liver, lungs, kidneys, etc. is comparatively good in Holland, Western Germany, Sweden, and some of the neighboring countries. There also appears to be a good potential for further expansion of this market. Some of these countries have laws that require specific methods of cutting and also require that certain accessory parts are included when the by-products are shipped, so that according to their methods and standards the proper sanitation and health inspection can be made. United States packers and processors who use a different system of cutting, and who together with other representatives of the United States meat industry have a different idea about inspection, have seriously objected to these requirements. This again raises the question whether it is desirable to try to meet foreign market demands or to insist that buyers in other countries take our products according to our specifications in processing, packaging, and shipping. It appears that any effort made to meet foreign market demands will be a step forward in market development. Examination of United States import requirements for edible by-products from red meat animals also revealed that these requirements were as many and as difficult as those of the countries of Western Europe, and included some of the very same as those of Western Europe to which United States shippers and industry representatives have seriously objected and protested. This is another example of inconsistency in market development, foreign market shipments and trade arrangements.

A commodity example in market development. There have been great strides forward in the poultry industry in the United States during the last 25 years. This has led to lower costs of production of eggs and chicken, broiler, and turkey meat, and in turn, to lower prices to consumers. Less progress has been made in these enterprises in Western Europe and prices to consumers are comparatively higher. A meal with poultry meat is a practical and an everyday possibility in the United States, but in Western Europe it is still largely limited to a luxury Sunday dinner, or to some other special occasion. Until there is further progress in the poultry industry in Western Europe there will be a good potential for the development of a United States market for poultry products in this area. This potential has already had much exploration, and considerable development work, done jointly by government agencies and the United States poultry industry. A substantial volume of poultry meat is already being moved into these markets. Switzerland is one of the countries where frozen eviscerated United States poultry meat has had a favorable reception. The owners and operators of Migros supermarket in Zurick, who have chain stores elsewhere in Switzerland find United States poultry meat an excellent item and have done an excellent job of merchandising it. This is mentioned because they are entirely favorable to such imports and are anxious to expand sales, yet have many suggestions to United States processors and packers on how the product can be sold more effectively, and in larger volume. This reporter had special interviews with the poultry and red meat buyer and with several of the officials who determine the marketing and merchandising policies of the organization. The results of this "survey" were presented in a special letter to the Foreign Agricultural Service in Washington who in turn forwarded copies of the findings to "All Commodity Divisions and Agricultural Attaches" under the subject of "Example of Market Development Activity and Report" A copy is attached to this report. Only a few highlights will be repeated and re-emphasized in this section.

It was reported that poultry meat sales in Switzerland had increased very materially since Migros started selling United States birds. They emphasized that it is largely a matter of price because "as long as we can sell United States poultry meat at a lower price than the price we have to have for red meats, and at a price lower than the price of domestically produced poultry, and it is of good quality, then it is bound to sell." In contrast, a lady official said "our people are most eager to buy orange juice but they cannot afford it." Then she added "we here in Switzerland cannot understand why the same size can of United States orange juice must be three times the price here than what it sells for in the United States." United States exporters and shippers should constantly be aware that purchasing power in Western Europe in terms of dollars is far below that in the United States, and in some countries only about a half to a fourth. If then the price of a certain United States item is two to three times as high in the recipient country as the price of the same item in the United States the sales of this "luxury" item is at best very limited, even though the masses of people are not only desirous, but eager to buy it. It provides another example of the age old principle of economics that desire and demand are not synonymous, but that desire and purchasing power together create demand. The important and very basic favorable factors in market development for poultry meat in Switzerland have been mentioned, namely, (a) a competitive price and (b) generally good quality. Although the organization was most favorable to market development for United States poultry meat, it was quite surprising to hear the review of the "negative" factors, which if corrected would in their opinion greatly expand sales. These included:

(a) too much variety in the size of birds in a specific pack and shipment.

(b) too high a percentage of water in the birds when thawed out.

(c) the opening in the birds frequently too large and larger than necessary.

(d) individual birds not packed for a good display, with emphasis on showing the wings and hiding the good breast meat.

(e) concern about the effect on consumers when eating meat from poultry produced with a ration that included antibiotics.

(f) concern about the effect on consumers when eating poultry meat exposed to chemical preservatives.

For more detail on each of the negative factors which were presented, refer to the attached copy of the letter from F.A.S. to Commodity Divisions and Agricultural Attaches.

FOREIGN AGRICULTURAL SERVICE
Washington 25, D. C.
August 27, 1957

To: All Commodity Divisions and
Agricultural Attaches

From: Gordon O. Fraser, Assistant Administrator
Market Development and Programs

Subject: Example of Market Development Activity and Report

We recently received an excellent example of poultry market development activity in Switzerland. The individual concerned visited with representatives of industry to determine the acceptance of U. S. poultry meat being shipped to this country. He gave a clear, concise report of his findings as given below:

"I had opportunity for several personal visits with Mr. Duttweiler, the oringinator and the "king pin" in the Migros association. I was informed during the first day that a Dr. Mrs. Gasser, a woman of past 60 years of age, and an Economist by training, weilded great influence in the association, and served as personal economic advisor to Mr. Duttweiler. I had several conferences with her and decided that she was very intelligent and had much to do with shaping the policies of Migros. I discussed a number of merchandising programs and items with her including U. S. poultry shipments from the United States. She, in turn,made special arrangements for me to confer with the poultry buyer Mr. Gagliardi to whom you made reference in your letter. Incidentally, he has been the meat and poultry buyer for Migros for about 25 years. He is an Italian Swiss. I had a most interesting conference with Mr. Gagliardi which I hope in some way may be helpful in our U. S. poultry export program. I'll try to summarize his reactions as briefly as possible, as follows:

1. They are generally fairly well satisfied with the U. S. shipments. He said poultry meat sales in Switzerland had increased very materially since Migros started selling U. S. birds. He emphasized, and I believe this is something we might make special note of, that it was largely a matter of price. He said "as long as we can sell it at a price lower than the price we have to have for red meats, and lower than the price of our own Swiss poultry meat, and it is of good quality, then it is bound to sell."

2. Mr. Gagliardi said that too much variety in the U. S. shipment of poultry meat was causing them a lot of difficulty. He said they sell individual chickens and broilers, and they have to re-sort all of the shipments so that they can offer birds of more specific and uniform weights. He suggested that the Danish system of "calibration" was much more effective and resulted in packing birds of more uniform size and weight.

3. They have the feeling that the opening in the birds is frequently too large and larger than necessary, in both broilers and fowl. He said the Swiss Hotel trade seriously objects to this.

4. He wondered whether there was a special reason for such a high percentage of water in the birds when they were thawed out. He asked if there was a possibility that the birds were too wet when they were sharp frozen? Many Swiss women leave the birds right in the Cryovac package when they thaw out, and then can really see the water. Migros people feel that this point may be used against them by the processors and packers of local poultry because they will say to the consumers "look, even with head and feet on our birds you are netting more edible meat because when you buy imported poultry you are buying a lot of water."

5. They feel that packing could be improved. They wonder why U. S. packers place so much emphasis on showing the wings and thereby hide the good breast meat. They feel quite certain that in Switzerland the U. S. poultry would sell better if it looked like the local pack, with special emphasis on the breast meat.

6. They would like to import cut up poultry and feel they could develop a good market for it. However, the present Swiss poultry inspection law (of which I saw a copy) definitely prohibits it. They claim that inspection of whole birds is necessary to detect the disease they refer to as "poultry pest."

7. They are much concerned about the use of auromycin and other antibiotics in feed, and the effect of eating products from such feeds. On this one Dr. Mrs. Gasser said "Migros has constantly been against such artificial methods of feeding. Maybe there are no ill effects from eating a meal of poultry meat produced from antibiotic feeding but what about the cumulative effect." I remembered reading an article on this matter, written by the Chief of the U. S. Food and Drug Inspection Department. Did you see the article? As I recall it was either in U. S. News and World Report, or probably Look Magazine a few months ago. I told them that the position in this article was that antibiotic feeding would not result in cumulative danger to humans who ate the meat. They asked whether you would be so kind as to furnish this article to them, and they would deeply appreciate your efforts in doing so.

They have just as much concern about using chemicals like Acron (American Cyanid Co.) etc. for preserving poultry meat and again feel that it would have a detrimental effect on the people who eat the meat.

I did not sense that they wanted to be critical in any way, but rather that they were trying to tackle the problems they saw before them. They really want to sell U. S. poultry meat. You may want to discuss these matters further with Mr. Strasser in New York and with the shippers. You are probably familiar with many or all of these reactions and problems but I have listed them just as they came from Mr. Gagliardi and Dr. Mrs. Gasser."

We believe that this report contains the essential elements that should be considered in the appraisal of our market development activities. Such information can be of inestimable value to the U. S. industry in meeting the wishes and needs of the overseas customer. It is essential to meet such needs if the market is to be continually expanded.

Report of a Survey and

Study Tour in

WESTERN EUROPE

Summer - 1957

(Section IV)

Results from the

MARSHALL PLAN
(E.C.A. - M.S.A. - F.O.A.)

in Germany

1. Land Consolidation
2. Agricultural Extension
3. Rural Youth Program
4. Community Service Centers
5. Community Frozen Food Locker Plants
6. Milk Processing and Marketing Associations

Dr. William H. Dankers
Extension Economist - Marketing
Agricultural Extension Service
University of Minnesota

INDEX

(Section IV)

Results from Marshall Plan Projects in Germany
(E.C.A. - M.S.A. - F.O.A.)

It was mentioned earlier in this report that the observations and study of the results from Marshall Plan projects was limited to Germany, because in the other "Marshall Plan countries" there was a lack of continuity in American and native personnel, and consequently in progress reports pertaining to such earlier projects. This report will in large part pertain to projects which were mainly initiated and started in Bavaria during the period of 1949-51 when this reporter was Chief of Food, Agriculture, and Forestry for the United States High Commission Government in Bavaria Germany, but which were also carried out either simultaneously or somewhat later in the other states of Germany.*

Before reference is made to specific projects, it should be mentioned that very favorable results were reported in 1957 from practically all Marshall Plan projects that were carried out in Western Germany. Most of the work that was started under specific projects has been continued, and in most instances has been further expanded by the Germans.

The methods and procedures which were followed in initiating some of the projects may be partly responsible for the satisfactory results, and for the continuation of the projects. When the program of the U. S. Military Government (Defense Department) was transferred to the U. S. High Commission Government (State Department) special effort was made to inform the German leadership, and to obtain their confidence, that the goal was to assist in the rehabilitation of Germany, in increasing productivity, and enhancing the standards of living of the people. It was em-

* An explanation seems desirable as to why reference is made to the initiation of projects in 1949 and later. The transfer of United States activities from Military Government (Defense Department) to the High Commission Government (State Department) was made in October, 1949. This involved a simultaneous transfer of emphasis away from control to information and education, and to specific emphasis on team work in the development of worthwhile and helpful "projects". Although most projects were developed in 1949 or later, there was much excellent groundwork laid during the days when United States activities were still under Military Government. This reporter recognizes the helpful efforts of the "earlier" workers and would like to give special credit to them for their help in "setting the stage".

phasized that there would be a team approach, and that the German leadership was to have an active part in helping to determine what type of projects were needed, were practical and possible, and would be helpful. It was emphasized that the results from the "joint effort" should be carefully observed and measured as the projects were being carried out. This approach turned out to be most effective, not only from the standpoint of the United States administration and project leaders, but for the German leadership as well, as has been verified to this reporter time and time again by some of the German project leaders. There are many recollections from the period of project development when there was a wider difference of opinion between the various organized German groups, regarding what was needed and desired in a certain project than there was between the United States and German project leaders. Specific mention of this was frequently made by Dr. Alois Schlögl who was the Minister of Agriculture in Bavaria during the period of 1949-51, and who is still highly respected by most of the present employees in the Ministry of Agriculture for his progressive leadership, and for his efforts and programs during the Marshall Plan and reconstruction period; even though he passed to the "great beyond" in the fall of 1957.

This leads to a personal reaction on the part of this reporter regarding the Marshall Plan program (now the International Cooperation Administration program). Some people,including Congressmen, seem to have the idea that the United States has fulfilled its responsibility and reached its goal toward improving international relationships merely by providing funds for foreign aid. A sufficient budget is certainly needed to carry out an expanded and effective program. However, the establishment and development of teamwork between donor and recipient, careful planning, the development of projects that are practical and fitting, continued guidance, and a constant check on progress and results are all just as significant as the appropriated and alloted funds. Such procedure also provides assurance that the funds which are provided will give excellent returns to the United States taxpayers in terms of helping underdeveloped countries, in improving international

good will and relationships, and in providing more assurance of world peace.

1. Land Consolidation - The biggest obstacles to efficient agriculture in southern Germany and throughout southern Europe are the small farms, and even more so, the small fields that are scattered throughout the community. This reporter recalls visiting a "large" farm of 70 acres, where the owner had 156 fields scattered throughout the community and with a considerable distance between some of them. Under such circumstances the use of labor saving machinery is prohibitive, and the productivity per worker is very low, even though he is working very hard.

Information on the size of farms in Western Germany in 1949 is provided in the following table:

Farms of Various Sizes in Western Germany (1) - 1949

Farm Size Hectares (2)	Farms in each Group		Hectares in each Group	
	Number	Percent of total	Number	Percent of total
under 2	650,763	32.9	657,580	4.9
2 - 5	543,756	27.5	1,808,034	13.4
5 - 10	400,635	20.3	2,840,414	21.4
10 - 20	245,829	12.9	3,526,489	26.2
20 - 50	112,371	5.7	3,245,312	24.1
50 - 100	12,679	0.6	822,170	6.1
More than 100	3,040	0.1	562,662	4.2
Total	1,978,073	100.0	13,462,661	100.0

(1) Source: Wirtschaft und Statistik, Kohlhammerverlag, Stuttgart 1, No. 12 - March, 1950.
(2) One hectare is 2½ acres.

It will be noted that over 80 percent of the farms were less than 10 hectares (25 acres) in size, and that just about 40 percent of the total acreage was in farms of this size. Only slightly over 6 percent of the farms, and less than 35 percent of the total acreage, was in farms of 20 hectares (50 acres) or more. The small size of the farms is by itself a very serious problem, but this problem is drastically increased, because the small farms are split into so many small fields that

are scattered throughout the community.

Agricultural leaders and farmers in Germany are aware of the advantages of mechanization. Farmers have mechanized rapidly during the last 10 years and are still moving strongly in that direction. However, they are also fully aware that a small farmer can easily have too much money invested in high priced machinery, and also, that farm machinery may not reduce production costs, even on a larger farm, if such a farm is split into many small scattered fields, and if the machinery must then be moved from one small field to the other. The basic problem of small farms, and small scattered fields, and the desire to mechanize, has resulted in increased interest in land consolidation. The problem was so obvious in the earlier days of the Marshall Plan program that land consolidation was not only considered to be a very worthwhile, but a most urgent project. In spite of the need, the progress was slow. On the surface it may appear that such a project merely involves the exchange of small land holdings. However, closer examination of the problem reveals that drainage ditches and roads need to changed, boundary lines and titles, and other legal aspects need to be re-checked, and much tradition needs to be overcome. Land is very dear to many owners, because it is so scarce and has provided so much security during war periods, not only to the farmers themselves, but especially to those who lived off the farm but owned some land; because at times it was nearly impossible to buy food, and there was malnutrition and dangers of starvation. The certain small farm fields have been owned by the same family for many generations, which seems to create a feeling and an attitude that "my field is just a bit better and more valuable than my neighbor's field", even though a non-interested scientific appraisal might indicate the opposite.

Land consolidation efforts in Germany did not begin with the projects developed under the Marshall Plan program, but had been in effect for several centuries. However, the project goal was to speed up this very necessary work and to attempt to simplify methods and procedures in order to increase the "output

per man" in getting the job done, and thereby reduce the cost per 100 hectares (250 acres) of what was consolidated. One good example of United States help was the application of funds for machinery for ditching, tiling, road building, etc. which not only speeded up the projects but reduced the cost, through the substitution of efficient machinery for hand labor.

The land consolidation program was divided into two types of projects. The first project required less time because it merely involved an exchange in ownership of land, without changing the basic pattern of the community, such as roads, ditches, the tiling system, etc. The German name for this more limited project was "Arrondierung". The second project required more time because it involved many basic changes in the community, in addition to the exchange of ownership of many parcels of land. The German name for this comprehensive project was "Flurbereinigung". Not during the Marshall Plan period, but in the last number of years as this program has been actively continued by the Germans themselves, the complete project of land consolidation, namely "Flurbereinigung",has also included moving the farmstead and the farm family out on their land, and away from the village where most of the farm families still live. This is an expensive undertaking, but at the same time a strong indication that the German Agricultural leaders now consider it to be a decided advantage, and more efficient, to have the farm family live on their land, instead of having the livestock "hemmed in" in the village, and the land in scattered locations throughout the community.

A substantial subsidy is provided to farmers who agree to have their farmstead moved out on the land. The farmer must give up his buildings in the village which are sold on the basis of an appraisal made by disinterested parties. Because the new buildings on the land are expensive, the state of Bavaria provides a loan to the extent of 50% of the value of the buildings. This money is furnished without interest, and on a repayment basis of 2 to 3% per year. The farmer may also apply for an outright state subsidy of 20 to 30 thousand D.M.'s (5,000 to 7,500 dollars). In addition he may make claims up to 15 thousand D.M.'s for transfer

of property such as electric wiring and other installations. The exact amount of the subsidies is determined by the administrative personnel in the State Land Consolidation Office.

Information on the scope of the Land Consolidation program in Bavaria since 1939 is provided in the following table:

Year	Applications		Projects Underway						Personnel employed[2]
	Flurbereinigung	Arrondierung	Flurbereinigung number	Flurbereinigung hectares[1]	Arrondierung number	Arrondierung hectares[1]	All projects number	All projects hectares	
1939	67	-	39	20,214	-	-	39	20,214	558
1940	16	-	23	9,523	-	-	23	9,523	308
1941	32	-	11	4,291	-	-	16	5,439	226
1942	19	-	6	1,683	-	-	6	1,683	217
1943	19	-	10	2,393	-	-	10	2,393	208
1944	3	-	8	2,358	-	-	8	2,358	147
1945	5	-	1	872	-	-	1	872	242
1946	16	-	15	3,529	-	-	15	3,529	277
1947	28	-	15	6,948	-	-	15	6,948	385
1948	13	-	58	15,748	-	-	58	15,748	574
1949	51	65	34	23,660	2	279	36	23,939	654
1950	105	135	58	32,217	14	3,105	72	35,322	702
1951	118	106	75	38,336	66	12,859	141	51,195	765
1952	153	119	75	38,335	75	14,509	150	52,844	888
1953	220	108	84	43,745	92	15,861	176	59,606	973
1954	234	63	102	48,795	72	11,395	174	60,190	1,051
1955	244	70	111	51,349	43	6,432	154	57,781	1,159
1956	228	34	117	58,950	20	3,153	137	62,103	1,257

1 One hectare is $2\frac{1}{2}$ acres.
2 People actually employed in connection with the projects, not including professional advisors.

It can be observed from the table that this program definitely gained momentum in about 1950 when joint effort of the United States and Germany was put forth through the Marshall Plan projects. The total number of projects underway has been at a comparatively high level ever since, which emphasizes the lasting results of this effort. The number of projects of a more limited nature, namely Arrondierung, was comparatively high during the period from 1951 through 1954 but has declined since then, in favor of the more comprehensive projects, namely Flurbereinigung, which have increased in number steadily, to an all time high of 117 in 1956.

Reference was made to the joint effort put forth through Marshall Plan projects in reducing the man power requirement per 100 hectares of land consolidated, and

thereby also the cost of getting it done. The results in this direction are even more gratifying than the increase in the scope, and in the momentum, of the total program.

A comparison of the number of people employed per 100 hectares of land consolidated in Bavaria during the years of 1926 through 1934, with 1953, provides the following information:

Period	Average number of days of labor per 100 hectares (250 acres)	Average number of days of professional labor per 100 hectares	Percent that the professional labor was of total labor
1926-34 average.	382	130	34
During 1953	219	24	11
Reduction in labor requirement	42½%	81½%	

The specialists in the Ministry of Agriculture who were in charge of the Land Consolidation program during the Marshall Plan period still had the same responsibility in 1957. They indicated that the labor requirements and the resulting costs for the 1926-34 period as indicated in the table were typical for the longer time pre-World War II period, and that the 1953 figures quite accurately represent the situation since the beginning of the Marshall Plan joint effort in 1949 until the present time. Most of the reduction in labor requirements was attributed to mechanization, to simplification in legal and other procedures, and to further unification in methods.

Two supplementary features of the land consolidation program, which are most significant and now considered indispensable, should be mentioned. Even though the program was in effect for centuries, the pattern of inheritance and other reasons practically nullified it, because while one landholder was in the process of land consolidation another was dividing his small holdings, which were already much split up, among his several children. A positive program of education, supplemented by prohibitive laws, is now being carried out to avoid a further splitting up of farms and fields. This effort in part grows out of the second supplementary feature. The land consolidation program used to "stand by itself" under a separate Department

of the Ministry of Agriculture. Official administrative and specialist assistance is still being provided through this Department of the Ministry, but whereas in the earlier period the Agricultural Advisory Service (Agricultural Extension Service) had no responsibility in the land consolidation program, there is now a very close laison, and an excellent working relationship between these two Departments of the Ministry of Agriculture. There has been complete adoption of the philosophy that if the farmers of Germany know that land consolidation will eventually mean less work, lower production costs, a better net income and a better living for them, it will be the strongest force, and the soundest approach, to a faster and larger program of land consolidation in an area where it can be of tremendous value in bringing about higher standards of living. The need for doing Agricultural Advisory work in land consolidation was constantly stressed during the Marshall Plan period in Germany, and it is obvious that the joint effort brought some favorable results.

2. Agricultural Extension Activities - The first assignment of this reporter as a consultant to Western Germany in 1949 was to work with the Agricultural Leaders in Bavaria Germany in expanding and more closely coordinating the Agricultural Advisory Service. The term Agricultural Advisory Service, which will be used frequently in this section of the report is the translation of Landwirtschaftliche Beratungsdienst, which in Germany is synonymous with the United States Agricultural Extension Service. The Agricultural Advisory Service in Germany is much older than it is in the United States and celebrated its Centennial long before Minnesota could do so as a state. The County Agricultural Office (Kreis Landwirtschaftsamt) has been an important center for agricultural information. However, what appeared to be an advantage over the organization of County Agricultural Extension work in the United States, also seemed to have many disadvantages. The counties in Germany are much smaller than in the United States. Agricultural in school education is not tied to the academic system of training, but is provided in separate county vocational agricultural schools (Landwirtschaftsschulen). The in school vocational agricultural training, together with the out of school education, namely Agricul-

tural Advisory work, is under the Director of the County Agricultural Office. This provides for a more "closely knit" and well coordinated system of agricultural training compared with the in school (High School Agriculture) and out of school (Agricultural Extension Service) system in the United States. However, there appeared to be a basic problem in using the same personnel for in school and out of school "teaching", which seemed to be a very common policy up to the time of the Marshall Plan period. There were very few people whose entire responsibility was out of school teaching, or as referred to in the United States, full time Agricultural Extension work. Farm people in Germany, more so than farm people in the United States, work many hours per day during summer months because "the work must be done", and only a limited number of machines are on farms to speed it up during the "rush" seasons. The many hours of hand labor per day are not conducive to attending many evening meetings, and certainly not to attending many day meetings during the summer. Consequently, the teachers from the County Agricultural Office had time available for meetings, and for out of school teaching during the summer months when the recruitment of a rural community audience was next to an impossibility, and were occupied with in school teaching during the winter months when farm people desired and requested rural community meetings. The result apparently had been that the work with adult groups, namely in our terms the Agricultural Extension work, had largely been limited to (a) farm and home visits, and (b) personal conferences between county agricultural advisory agents and farmers and homemakers. This type of work was effective as it is here in the United States, but the scope was drastically limited. This may be partly the reason why "Chambers of Agriculture" were organized in the northern states of Germany. The Chambers were originally organized by the farmers themselves to do Agricultural Advisory work, but they have had access to public funds for a long period of time. Thus, they are semi-private and semi-public, and in the states and counties where they carry out a program, they overlap and have problems of coordination with the Agricultural Advisory program carried out by the Ministries of Agriculture through the County Agricultural Offices.

It should be mentioned that the observations and reactions of many progressive German Agricultural leaders and Marshall Plan project leaders, such as this reporter, were entirely in concurrence regarding the prevailing problems. The big question was, how do we proceed to coordinate and expand the greatly needed educational service in Agriculture?

Another problem, which has been only partly ameliorated, must be outlined before a report on progress in the Agricultural Advisory Service can be given. Agricultural research and training on the state level is divided between the Ministries (Departments) of Education and Agriculture. The College of Agriculture is responsible for considerable basic agricultural research and this, together with the college level agricultural teaching, is under the Ministry of Education. The County Agricultural Offices, including the County Schools of Agriculture and the Agricultural Extension work, as well as considerable agricultural research,is under the Ministry of Agriculture. The "higher" vocational agricultural and home economics schools are divided between the Ministries, with the larger number under the Ministry of Agriculture.

No specific pattern or special Marshall Plan projects were developed to bring about more coordination between the two Ministries, on the state level, but effort was made in various ways to bring about a more favorable working relationship between their various units in the different counties, areas, and states. Many conferences were held by United States project leaders with leaders of both of the Ministries. Upon special request from the German leadership this reporter gave several lectures on "The Prevailing Need for Coordination, as a Means of Developing an Effective Agricultural Advisory Program". The results are quite noticeable. Several Colleges of Agriculture (Ministry of Education), such as Hohenheim Stuttgart, in the State of Baden-Wurttemberg, have added a staff member who is responsible for teaching "Agricultural Advisory Programs and Methods" and who is also the laison between his staff at the College of Agriculture and the Ministry of Agriculture, including the County Agricultural Offices. Other Universities and Colleges

of Agriculture, such as the University of Göttingen have added a staff member in Agricultural Information who in turn is also the laison between his institution and the County Agricultural Offices and who provides information to Agricultural Advisory groups from the various fields of agricultural research at the University.

More specific effort was possible, through Marshall Plan projects, in strengthening and expanding the Agricultural Advisory Service in the counties, through the County Agricultural Offices (Ministry of Agriculture). Many of the County Agricultural Office buildings and other physical facilities were in need of repair, remodeling or expansion if the personnel were to carry out their program in an efficient, effective, and satisfactory manner. Here was an opportunity to place extra emphasis on the out of school program in Agricultural education. The Marshall Plan funds, which had been requested for buildings and other facilities, were approved with a special condition. This condition was that out of their own budget they would be required to add two full time staff members, a man and a woman to do out of school Agricultural and Home Economics Advisory work, with absolutely no responsibility on the part of these workers for in school teaching. This condition had full approval of many German agricultural leaders who also had felt that their Agricultural Advisory Service program had suffered under the previously existing arrangement. The results from this joint effort were most enthusiastically reported in 1957 by the State Director of the County Agricultural Offices in Bavaria, who was also the Director during the Marshall Plan project period, and who had studied the organization and the program of the Agricultural Extension Service in the United States, including county programs in Brown, Goodhue and Stearns counties, in Minnesota. In 1957 he reported, "You will so well remember our special efforts during the period of 1949-51 to expand the out of school agricultural advisory work in the counties, by the addition of one man and one woman worker. Today we not only have one full time worker in agriculture, and another in home economics, but in many counties we have a number of them. We have added special youth workers, men who spend most of

their time in land consolidation (previously mentioned, and which involves considerable farm managment and farm and home planning on a county level) and in a number of other phases of the agricultural advisory work.

A specific Agricultural Extension project which was jointly developed in Bavaria in 1949 and largely financed with Marshall Plan funds provides an example of the longevity of worthwhile projects, and the continuity of the work by the German leadership. Reference is being made to the "School on Wheels". Trailers that could be pulled by a tractor were built and used to demonstrate modern methods and conveniences in Agriculture and Homemaking. Two Home Economics units were constructed; the one for demonstrating "A Modern United States Farm Kitchen" and the other for demonstrating "A Modern German Farm Kitchen". Two kitchen units were constructed because United States Consultants in Home Economics and German Home Economists who were working together in the planning of the project wanted to display some of the differences. One trailer unit was built for each of the Agricultural demonstrations including (a) Land Consolidation, (b) Grassland Improvement, (c) Efficiency in the Dairy Industry, (d) Efficiency in the Poultry Industry, and (e) Effective Methods in Forestry. Like in Home Economics, a team of one United States and one German Specialist planned each Agricultural exhibit. The general theme of the School on Wheels was "It can be done Differently and Well". Hundreds of thousands of people viewed the first showing which was made at the State Fair (Oktoberfest) in Munich, Bavaria in September of 1949. The ownership of the School on Wheels was officially transferred to the Ministry of Agriculture in a special performance during the State Fair.

Following the original demonstration at the State Fair in Munich, the School on Wheels, in total or as individual trailers, was made available to County Agricultural Offices for exhibition and demonstration at County Fairs and at other special County agricultural events. They were also made available on a rental basis to the other states in Western Germany. This reporter recalls a request from Denmark for several of the exhibition and demonstration trailers. The request

could not be filled, because there were so many "bookings" within Germany.

The initiation, procedure and progress of this project has been reviewed in this report because it is a striking example of a Marshall Plan idea and a program that has prevailed over the years, and that was still in effect in 1957. Adjustments have been made to fit the needs. The exhibition and demonstration trailer of "A Modern American Farm Kitchen" was still being used. The ideas of the two kitchen trailers have been combined and the one trailer is now displayed as "The Modern Kitchen". The Poultry demonstration trailer, with only minor rearrangements, was also still being used in 1957. Although most of the other trailers had been changed, and some of them almost completely rebuilt, the significant factor is that the idea and the method still prevailed in 1957. The mobile demonstration units are now considered to be an effective Agricultural Advisory tool in bringing the latest research and other up to date information to the farmers and homemakers in Germany.

A very significant establishment and development that had Marshall Plan guidance and financial support is the Agricultural Information Department in the Federal Ministry of Agriculture in Bonn, which has some similarity to the Federal Agricultural Extension Service in the United States Department of Agriculture. Reference was made to the lack of coordination between the several state Agricultural research and teaching institutions in Germany prior to 1949. This lack of coordination was also noted between Federal and State agricultural research and teaching agencies. The establishment of the Agricultural Information Department in the Federal Ministry of Agriculture in Bonn provided a way for effecting better coordination and providing information from agricultural and home economics activities at the federal level that was of help and interest to State and County Agricultural Advisory workers. This development nicely "backed up" and supplemented the expanded Agricultural Extension work in the States. Further it emphasized the need for specialists in Agricultural Extension who would assume the responsibility of preparing and presenting information in a form and manner that was palatable, and that could be comprehended by those who could make a practical application of it. Germany claimed many

"specialists" during the Marshall Plan period, but almost invariably such specialists had a prime interest in research. The employment of Agricultural Advisory specialists (Agricultural Extension specialists) was given very little consideration until 1950.

The Agricultural Information Service in the Federal Ministry of Agriculture in Bonn, known as the A.I.D. (Auswertungs Informations Dienst) has an advisory committee consisting of State Agricultural Extension Directors and subject matter Specialists in Agriculture and Home Economics. The committee decides on such matters as (a) Information needed and desired in the states which can and should be prepared and published at the federal level, (b) Division of responsibility in publications which are jointly prepared by states, (c) Information and publications which should be prepared in one state, but which will be applicable in a number of states, (d) Visual aids and other materials which will be helpful in disseminating Agricultural and Home Economics information. It should be specially mentioned that A.I.D. has a fleet of busses equipped to show agricultural films in the various states, counties, and communities.

The A.I.D. provides another example of a program that had its inception as a Marshall Plan project when joint effort was put forth to pull the available forces together, to activate agricultural extension work at the federal level, and to provide help to state and county workers. The program has not been limited to the preparation of literature and visual aids. Specialists have been employed in the various areas of agriculture, home economics and rural youth, who are available to State extension workers for special advice, consultation, and special meetings. This program was in full force in 1957 on a much expanded basis compared to earlier years.

Increased activity in agricultural extension work usually opens up new avenues of work. This has happened in Germany. New avenues of work in turn result in a broader perspective and a difference in attitude regarding scope and responsibility. Reference was made in Section I to the close similarity in thinking between German and United States agricultural leaders regarding Agricultural Extension activities, and to the favorable response of the German leaders to the discussion of "Broadening

the Scope of Agricultural Extension" by the Associate Director of the United States Federal Agricultural Extension Service in Paris, France in June, 1957, who emphasized the need for expanding agricultural extension work in marketing, including consumer marketing, agricultural policy and public affairs. This concurrence in the need for broadening the scope, and increasing Agricultural extension activities in the broader fields of agriculture and rural living is a further indication that the earlier joint efforts through the Marshall Plan Agricultural Advisory Service program have brought results.

The interest in an expanded agricultural extension program in Germany that reaches far beyond helping an individual farmer, and a consciousness of the interrelationship that exists between the different economic groups, seems to be well summarized in the following excerpts from a report of July, 1957 on The Relationships of Industry and Agriculture. "The use of mechanical implements in the factories has engendered a migration of agricultural labor from the country to the factories where the work is so much less exacting, and the pay is usually fully as good or better. 'Since 1949, much more than 1 million agricultural workers have left their jobs in Western Germany. During this same period the number of animals used for draft power has been reduced materially and the number of tractors has increased by about 500,000. During this period, agriculture has had the commendable result of increasing food production above the pre-war level by 22%.

The process of replacing the many thousand years old habit of using human and animal labor by the practice of using mechanical appliances, which requires large capital investment, involves the German farmer of today in problems that have not been imposed on him in the past in a whole generation, and that require solution in such a short time. However, the problem of improving the agrarian structure cannot be solved by the farmers alone. As a consequence of the mechanization of farms, agricultural labor will become available and should be given an opportunity to earn their living as industrial workers in factories, which should be established for that purpose in the region concerned. In this way, the work on small farms,

which so far occupied the full time of its owner and his assistants, can be considered a part time job. The often discussed isolation of agriculture is partly a question of solving the educational problem. The man in charge of an agricultural production unit should be an open-minded partner of scientific research workers, engineers, teachers at agricultural colleges and economic advisors. His judgment on the practical suitability of the technical implements supplied for agricultural purposes and his ability to advance proposals for technical improvement will turn him into an active collaborator in technical and economic progress.

There have been misunderstandings between urban and rural people, because the urban people have known too little about the problems of agricultural production, and rural people have not sufficiently concerned themselves with the needs and interests of urban people, such as their food needs and consumer demand. As a means of solving all these problems, the improvement of the rural educational system is becoming more and more important."

3. Rural Youth Program - Careful consideration should be given to the longer time results and values when technical assistance, or assistance in social and cultural development, is provided to other nations by the United States. This was done during the earlier Marshall Plan period in the development of the Rural Youth program in Germany. This program has developed in scope, participation and interest to such a degree that today many other countries could learn from it. This development has occurred in the short span of only 7 to 8 years.

A program such as the strongly supported and well integrated United States younger youth 4-H Club program was non-existent when efforts were first made by this reporter and his co-workers in 1949 to develop a program for rural youth in Bavaria. There was a program for older youth which included only those young people who were at least in their late teen age or beyond. This program was splintered between the farm organization and the church, and did not have technically trained leadership and guidance in agriculture and home economics; although such specialists were occasionally requested to "help along". The program had con-

sisted largely of contests between rural young people, such as competition in plowing and other manual farm and home skills. The idea of developing an agricultural and home economics project program for "children" who could join at ages of 10 or 12 or even 14 had very little support among rural families. United States leadership stressed that such a program could be very practical and helpful, even to parents through their children, if such a program was based on technical agriculture and homemaking and had the direction, leadership and guidance of men and women with technical training in agriculture, homemaking and the broader aspect of rural living. It was further stressed that this also would provide a basis for all groups to work together, whether or not they belonged to the farm organization, whether they were of the Catholic or Protestant faith, etc. The United States leadership had considerable support from men and women leaders in Germany who felt that a program was definitely needed for the younger rural youth and that a more effective program, which would be tied more closely to the farm and the home, was needed for the older rural youth. The idea had especially strong support from the German men and women who had been on an "Exchange" trip to the United States and had made special study of the 4-H and older rural youth programs, as developed and directed by the Agricultural Extension Service.

All important in this effort was to develop a broader interest among leaders at all levels, namely federal, state, regional, and county. Many conferences were held with Ministry of Agriculture officials, leaders in the farm organization (Bauernverband) leaders in both the Catholic and Protestant churches, etc. This effort was put forth as part of the United States High Commission Government program, before any specific Marshall Plan project was developed. There was fairly early indication that progress was being made in Bavaria and that a rural youth program as outlined, much like the program in the United States, would in the future become a practical possibility. It was also known that considerably more progress had been made in what was then the American zone of Austria, through the joint effort of United States High Commission Government and Austrian leadership. The Communist

youth march on West Berlin in May, 1950 by youth from various Eastern communist satellite countries gave definite impetus to the idea that more effort should be put forth in developing constructive programs for youth, including rural youth, in West Germany. This reporter vividly recalls the special request from "headquarters" to go to Vienna, Austria in June, 1950, along with one of the staff members from the central office of Food, Agriculture, and Forestry, United States High Commission Government in Frankfurt, to study the methods used, problems, and progress made in the rural youth program in Austria, and to learn, if possible, how the rural youth program in Western Germany might be speeded up. This was followed by the development of a Marshall Plan program for (a) adding Ministry of Agriculture rural youth leaders on a federal and state basis and (b) subsidizing some of the beginning projects. Mention was made of A.I.D. in reporting on the development of Agricultural Extension work. The rural youth leaders at the federal level were added to the staff of A.I.D. Their personal counsel and guidance and preparation of materials now constitutes an important segment of the A.I.D. program.

The development of individual youth projects was slow during the first several years, as was expected. However, it then gained interest, support, and momentum. Although the original development was mainly in the southern area of Germany, it soon expanded and spread through all of Western Germany. Already in 1953-54, when this reporter was on a lecture tour in Germany to discuss Agricultural Policy, it was obvious that the rural youth program not only had a strong foothold, but was being enthusiastically supported by both rural youth and parents. One of the state rural youth leaders in Bavaria presented color slides on rural youth projects that showed that a variety of projects were being carried out in a most effective and excellent manner. The request for this reporter to give lectures on "Rural Youth and the Rural Youth Program in the United States" was further evidence that the interest in such a program had materially increased.

The German people generally have placed a lot of emphasis on precision, and this emphasis has been carried over into the rural youth program by way of excell-

ent outlines of projects, well prepared record forms, and well completed records and reports on projects by the rural youth members. Conferences with rural youth leaders in 1957 regarding enrollments, and review of project outlines and supplementary information, clearly indicated that this is now a large and important program in Western Germany. A total of over 30 projects are available to youth members with a good balance between agricultural and home projects. Although not entirely the same, the type of rural youth projects, arrangements for competition, and for recognition are now all so similar to what they are in the United States that there is no reason for giving details in this report. The specific youth projects are also supplemented by demonstrations and by activities much like in the United States. Rural youth members exhibit their projects at the local level and the winners in turn have opportunity to exhibit at county, regional and state agricultural events.

The leaders in Agriculture and Homemaking in Germany, and more specifically in the rural youth program are quite aware of some remaining obstacles which they still hope may be more completely overcome in the future. In spite of the excellent progress that has been made the rural youth program in Germany has not reached the degree of coordination that it has in the United States. Federal and state leadership now comes from the Ministries of Agriculture (Departments of Agriculture) and the program is under the direction of people who have college and vocational training in Agriculture and Home Economics. The county agricultural office, which is the county arm of the Ministry of Agriculture is the headquarters for the program in the county, and the trained Agricultural Office staff provides the main leadership and guidance. However, the staff of the Agricultural Office does not have the "free hand" in the establishment of policy, and in the development and guidance of the program that the county agricultural extension staff has in the United States. Some of the early obstacles to which reference has been made still exist, namely that special groups want to make it their own special program, rather than letting it be an entirely public program. The policies and program are now worked out by a committee that has representation from each of the organized groups. For example,

if a county has many of the groups represented the committee might consist of a member from each of the following; (a) county agricultural office, (b) county agricultural chamber (only in northern Germany, because the southern states do not have agricultural chambers), (c) Catholic church, (d) Lutheran church, (e) Raiffeisen association (cooperatives), (f) and probably a variety of other smaller organized groups, depending on the situation in the county. It was pointed out by some of the German rural youth leaders that the program is sometimes quite strongly dominated by one or the other group depending on their comparative strength. In spite of this obstacle, which is more significant in some counties than in others, and more significant in some states than in others, the program is now being developed on the solid foundation of technical agriculture, homemaking and the broader aspects of rural living. The projects, activities and demonstrations clearly indicate the excellent progress in this direction, and there is hope and optimism that more complete coordination may be effected as the various groups find their common interest, and develop more confidence in each other. In most areas the farm organization now strongly supports the regular public program for the younger youth and have relinquished their own overlapping efforts of the earlier days in a program for older rural youth. Similar to the farm organizations in the United States, they are now placing their efforts on a young farmers program which in large part includes young married people who are usually in the late twenties or beyond. In total, the developments and progress in the rural youth program in Germany have been excellent, and in some respects almost amazing, with every indication of lasting results, and with prospects for more complete coordination, and further development and expansion.

4. Community Service Centers -"Mighty oaks from little acorns grow" is an expression that can be most fittingly applied to the planning, development, construction and use of community service centers in Western Germany. The financial assistance provided by the United States for this program did not come from Marshall Plan funds, but from a special United States High Commission Government reconstruction

fund referred to as the McCloy fund. The development of this program and the results were so similar to programs developed and financed with Marshall Plan funds that it is included in this report.

The "acorn",or the original idea, was carried back home to Germany by a state leader in Home Economics education in Bavaria who had been on an "Exchange" visit to the United States. She was deeply impressed by the community frozen food locker plants she had visited in the United States. She was quite certain "that such a project would not be practical in Germany at the time," because the farm families would not be able to afford the required investment, and the resulting frozen food locker box rentals. However, she was much impressed with the idea of providing service to individual rural families on a community basis. Why would it not be possible to provide other services, on the same basis; services which were greatly needed by the rural families of Western Germany, and especially by the lower income families? What were the other services to which she made reference? It may be somewhat difficult for rural men and women in the United States to comprehend that rural families in many other parts of the world not only have to get along without a car, radio, running water and fancy electrical appliances, but that they definitely cannot afford any electrical power and appliances and not even a mechanical washing machine or other home appliances that are considered necessities in a United States rural home. This was the situation in many villages and areas in the state of Bavaria, Germany in 1949, as well as in some of the villages in the neighboring areas and states. The situation was less problematical in the areas of Germany farther north and west. The rural homes in the "Bavarian woods" area, which is a marginal to sub-marginal farming area in Eastern Bavaria along the Czeckoslavakian border were devoid of anything that even resembled conveniences. Practically all homes were without bath facilities. The whole situation had been intensified during the war period, and with income in such areas very low, or practically nil, there had been no recovery. Assistance to "the people" in such areas seemed to be very worthy of consideration and the idea of community service centers was given serious consideration by the

Office of Food, Agriculture and Forestry of the United States High Commission Government in Bavaria. The idea grew as United States and German leaders tried to develop a plan for action. Maybe here was an opportunity, not only to help individuals, but to foster and encourage community activity and good will, in addition to providing the conveniences so greatly needed by the individual families. Because the rural families all live together in the village, the idea seemed even more practical, because the distance from the homes to the center would be very short. What was pretty much the original pattern of a community service center has been pretty well retained. In most centers the following conveniences were included:

(a) Electrical power so that electrical appliances could be used to lighten the load of the farm family.

(b) A washing room with the much needed, and greatly desired, electric washing machine.

(c) A clothes ironing room, supplied with electric irons.

(d) Bath rooms equipped with tubs and shower units.

(e) A baking room for use in baking the bread and other items for the family.

(f) A food processing and canning room.

Those were the items provided for improving the living conditions of the individual families. The following facilities were added to enlarge the program:

(a) A community meeting room; which so frequently was lacking in the village.

(b) A community library, and library reading room.

(c) Living quarters for the caretaker of the building and his family.

(d) Facilities for the village fire department, when such facilities were not available otherwise.

The community service center program is another example that financial help, although most significant, is not the only help that can be given. United States financial help was offered on the basis that the German government would also provide a substantial amount of money and that the community itself would do likewise. Further, it was made clear to the German leaders that there could be no specific

assurance of United States financial help until the proper authorities could consider the request, compare it with the numerous other requests, and determine its comparative merit. The interest which had been generated resulted in the construction of several community service centers before approval had been obtained for United States financial help. The analysis,made by the German program leaders in the Ministry of Agriculture (including the Home Economists), was very logical. They said, "(a) the idea is excellent; such centers will be of great help to our low income families, (b) we can finance a limited number of centers out of our own budget, (c) we hope our application for United States McCloy funds will be met with favor, and will be approved, because if it is, we can thereby enlarge what we believe is an excellent program."

One of the community service centers was partially constructed when the application for United States funds was submitted for recommendation and approval. This reporter was then serving on a committee of 5 appointed by the United States Land Commissioner in Bavaria to review all project applications in Bavaria for which McCloy funds were requested, for further submission to, and approval by, the central office of the United States High Commission Government in Frankfurt. When this application was up for consideration by the committee this reporter said, "I have been personally active in the development of this project and prefer to be a non-voter. Will you make a trip to Ebersberg with me to see the first community service center that was planned and constructed, and then decide for yourself what may be the relative merits of this program." The trip was made, and the result was a unanimous decision of committee members to give high recommendation for financial aid to the 13 proposed projects for which financial aid had been requested.

This is the history of the joint effort in developing community service centers in Western Germany. Most of the centers were established in Bavaria where the need was greater than in most of the other states, but some have also been built in the neighboring states. The service is provided to individual families on the basis of a schedule that is arranged and adhered to by the caretaker of the

center and his family. Rent is charged for the various services according to the cost of maintaining the facilities.

The program did not merely continue while there was United States financial help. The results are self evident. At the end of 1951 there were about 30 community service centers in Bavaria. The lady who brought back the "acorn" from which the "mighty oak" sprang was on the job in Home Economics in the Ministry of Agriculture in Bavaria in 1957. With a great deal of satisfaction, and continued appreciation of the United States help, she enthusiastically reported that "there are now community service centers in 72 villages in Bavaria. Five more are in the process of being built, and they are being built pretty much according to the plan that was originally developed; including the library room."

She was not reluctant to relate some of the problems which have been encountered and which are of special interest. During the development period, encouragement was given by United States representatives, and especially by this reporter, to organizing the community service centers as cooperative business associations, and to operate them strictly as a business, on the basis of actual costs for the service provided. There was sufficient opposition from the villages and from some of the leadership in the Ministry of Agriculture so that this did not materialize. Instead of operating as an independent community business association, the community service centers have been operated by, and as an arm of, the city or village, with the management and final authority resting with the mayor of the village. It was reported that in some areas the community service centers program has suffered because city and village politics has become greatly involved. Another problem in certain cities and villages is the opposition from the church. This opposition seems to be mainly directed at the community meeting room. In such villages and cities the church leadership seems to hold to the opinion that <u>all</u> meetings, regardless of whether of not they have anything to do with the religious aspects of the community, should be held under the jurisdiction and domination of the church.

Regardless of the several obstacles to which reference has been made the community service centers program in Western Germany has continued to grow, and still has enthusiastic support.

5. Community Frozen Food Locker Plants - Although the community service centers were the "need of the day" in 1949-50, and especially in the lower income areas, there was a strong feeling among United States High Commission Government and German leadership that there was also a potential for community frozen food locker plants, and especially in the somewhat better agricultural areas, where the net income of rural people was comparatively higher. A Marshall Plan project was approved for a demonstration frozen food locker plant in Bavaria. This was a big undertaking. Frozen food locker plants were non-existent, and the equipment manufacturers in Germany were not set up to provide the needed equipment, nor did they expect enough potential sales volume to want to take the risk of adjusting to it. There was only one alternative, namely to ship the necessary equipment from the United States, and to assemble it in Germany. In 1949 the Central Office of Food, Agriculture and Forestry, United States High Commission Government in Frankfurt started efforts to get the needed equipment from the United States. This reporter is not familiar with all the details of getting the equipment, however, it was somewhat discouraging to both the central office in Frankfurt, and the office in Bavaria, to have the project completely outlined and approved, and then to encounter an unusually long delay in getting the equipment. The first community frozen food locker plant at Ebersberg was finally completed in 1951, near the first community service center, because special interest had been indicated in these "experiments" by the agricultural and home economics leadership in the community.

Upon completion of the community frozen food locker plant at Ebersberg, an Extension Home Economist from the state of Washington, with a good command of the German language, was assigned to Germany to hold meetings and conferences on the preparation, processing and packaging of foods, for storing them in a community locker plant. Reference is still being made by the Germans to this most valuable

help.

Like the community service centers, here is another project that had its inception, at least partly, because of United States foreign aid (for this project it was Marshall Plan aid). It was very slow in getting started for the reason mentioned, but the idea soon spread throughout Western Germany. The rapidity of this development can hardly be questioned when on June 30, 1957 there were 1,185 installations in just the state of Bavaria. This did not result only because community frozen food locker plants were considered to be a good and practical way of supplying higher quality meats and other food for the family. The result of increased productivity, larger real incomes, and therefore the opportunity to live at a level somewhat above that of the past is no doubt a significant factor in this development. There is another favorable factor, to which reference was made regarding community service centers, namely that most of the people in southern Germany live in the village. For this reason a community frozen food locker plant in southern Germany has less inconvenience, and less extra costs, compared to a plant in northern Germany, or even in the United States. This may be the reason for the observation made by a business man in northern Germany. He commented "maybe this development of community frozen food locker plants is actually coming a bit too late, because many people in this area of northern Germany now seem to prefer their own home freezer." It should be noted here that the "home freezer" is a deep freeze unit for the home, in addition to the regular household refrigerator, a development similar to that in the United States. This may be a more significant development in Northern Germany, where because of larger farms and more desirable farming conditions the purchasing power of rural people is probably somewhat higher than in southern Germany. The other factor, as already mentioned, which favors "home freezers" in northern Germany is that most farm people live on their own farm and not in the village. In spite of these differences it seems reasonable to assume that the purchase of individual "home freezers" will not make any substantial inroad on the patronage of community frozen food locker plants for some time to come.

not even in northern Germany, and certainly not in southern Germany. In view of this, the development of the community frozen food locker plant project has been, and will be, a good help in "better living" to the people of Western Germany.

The organization of the community frozen food locker plants is different from the community service centers in that the locker plants are not owned by the city, but are owned and largely financed by the farm people themselves. The farmers pay equally toward the original investment cost, and also divide the cost of operations. The operations are guided by a management committee of three. Slaughtering operations have recently been started at some of the larger community frozen food locker plants which were not included in the operations of the earlier plants. The construction of slaughtering facilities is encouraged by the state of Bavaria by offering a 20 percent subsidy for purchasing the required facilities. This is an outright gift to the association, and is not a loan.

Refrigeration equipment firms have moved into the manufacture of equipment for community locker plants in Western Germany on a large scale. No equipment was available in 1949, as previously indicated, and in 1957 it was available from 9 different firms. Frigidaire has supplied equipment for about 2/5 of all the plants that are now in operation in the state of Bavaria. The next largest supplier is the German firm Linde, with headquarters in Köln (Cologne), Germany.

The number of community frozen food locker plants in Bavaria that were equipped by each of the nine different equipment firms is given in the following table:

Firm	June 30, 1956		June 30, 1957	
	Number of Plants	Percent of Total	Number of Plants	Percent of Total
1	251	42.4	452	38.1
2	154	26.0	272	23.0
3	85	14.5	166	14.0
4	54	9.5	123	10.4
5	18	3.0	51	4.3
6	15	2.5	53	4.5
7	10	1.6	30	2.5
8	3	.5	18	1.5
9	-	-	20	1.7
Total	590	100.0	1,185	100.0

It will be noted that the number of community frozen food locker plants in Bavaria more than doubled from June 30, 1956 to June 30, 1957. The number of plants is not comparable with the same number of plants in a given area in the United States because the individual plants are so much smaller. The 1,185 plants in Bavaria as of June 30, 1957 averaged only 24 locker boxes per plant. It will be noted from the table that one firm just entered into the manufacture and supply of community locker equipment in 1957.

There is indication that the community frozen food locker plant program in Western Germany has not reached its peak, and that it will expand further.

6. Milk Bottling and Milk Processing Plants - A report on the results of Marshall Plan projects would be incomplete without mention of at least one of the milk plant projects. These projects were difficult, but were greatly needed and worthwhile for both Germany, and the United States. Like in many other countries of Europe, the people of Germany had not succeeded in eliminating tuberculosis and Bang's disease in the dairy herds. The program of elimination of these diseases had such a severe setback during the war period that few herds were free of them in 1949. This situation had turned the United States Army to Denmark and Holland for the supply of milk needed for Army and United States foreign service civilian personnel who were stationed in Germany. This was not to the liking of the German agricultural leaders. They placed their reliance on milk pasteurization, not necessarily by choice but by necessity, for supplying their consumers with disease free milk, and they preferred to have the United States leadership do likewise. Many conferences were held between members of the staff of the Office of Food, Agriculture and Forestry, United States High Commission Government in Frankfurt, and the staff of the German Federal Ministry of Agriculture. The result was a Marshall Plan project in 1950 to establish a milk bottling and processing plant in Frankfurt-Sossenheim Germany, with the most effective and efficient equipment for pasteurization, and for otherwise handling the milk in the most sanitary and healthful way. The Frankfurt-Sossenheim bottling plant was a new plant, completed in 1952 and built in order to supply Unite

States Army and civilian personnel with milk. However, it was established as part of the Moha Cooperative Association that had existed for many years. The construction of these facilities was to be combined by a positive program for the elimination of tuberculosis and Bang's disease in the herds from which the milk was obtained. The Marshall Plan aid was not in the form of a subsidy, but was a loan which was subject to repayment on a longer time amortized basis. It was also agreed that purchase of milk for United States personnel would be made from this Cooperative Association, as soon as it could meet the required standards in the Frankfurt-Sossenheim plant.

There were many problems in getting this project underway. The biggest obstacle was the elimination of tuberculosis and Bang's disease. Many farmers had small herds. The sale of several of their best cows, even though they were reactors, was nearly enough to put them out of business. The returns from selling such animals was only a fraction of what it would cost to replace them with disease free milk cows, that were scarce and hard to find, and very high priced. The states in Germany made effort to provide a partial subsidy when diseased milk cows were sold, but they were faced with serious limitations. Germany was still in the early reconstruction period, after having been torn, nearly to bits. People, including the rural people, were already suffering from, and complaining about, extremely high taxes. Although there were good intentions to engage in an active state program for the elimination of these diseases in dairy cattle, the state funds that could be applied were far too limited. This problem has not been entirely overcome.

In spite of all the obstacles, the foresighted German leadership, strongly backed by the Office of Food, Agriculture and Forestry of the United States High Commission Government in Frankfurt, moved forward with this project. Milk receiving stations, processing plants in outlying areas, and distribution points, were added to the total operations of Moha over a period of time. These developments were largely the result of the general policy and program that had been firmly

adopted by then, namely (a) eradication of tuberculosis and Bang's disease in dairy cattle at the most rapid, yet practical and logical rate, (b) dairy processing plants equipped in the most effective manner for pasteurization and other processes that would assure the most healthful product, (c) plants with a sufficient volume to assure efficiency in operation, and (d) plants that were diversified and equipped to turn out the variety of dairy products that were desired and needed. Total food rations were still at a comparatively low level in the period of development of this project and dairy products seemed to be a good answer toward furnishing the nutritive needs of the people.

This reporter was not involved in the development of this project, and did not have much occasion to study the progress of it, until 1957. A visit to the Frankfurt-Sossenheim plant in 1957 and conferences with the main operator, (a member of a management board of five members) was sufficient proof that this project has been effective, and has made a deep impression on methods of dairy processing, packaging and marketing of dairy products, and on the entire dairy industry of Germany. At least 3 of the larger dairy processing and marketing plants in Western Germany have used the pattern of Moha, indicating that the original ideas were apparently basically sound, and that they have taken a hold. These plants are located in the cities of Köln (Cologne), Bamberg, and Hamburg.

The original investment in the Frankfurt-Sossenheim plant of the Moha association amounted to about 5 million D.M's (Deutsche Marks) of which an amount of 2.6 million was loaned from United States counterpart funds (Marshall Plan funds) at a rate of interest of 5 percent. The balance sheet as of the end of 1956 indicated that the total assets of the association, including all the plants, amounted to over 10 million D.M's which would be approximately $2,465,627. There is considerable evidence that the total investment will increase still more and that the total assets of Moha will considerably exceed 10 million D.M's by the end of 1958. When this reporter visited the Frankfurt-Sossenheim plant in October 1957, an addition was being constructed that may involve an additional 3 million

D.M's. This addition will very likely not increase the efficiency in operations, because in this plant, Moha will soon have almost duplicate facilities for processing and bottling milk. The addition was in large part required in order to meet the demands of the United States Army. In order to sell milk to the United States Army, such milk must come from areas where the dairy herds are all free of tuberculosis and Bang's. The requirements of milk to be consumed by the native Germans are less stringent. Such milk must come from herds that are free of tuberculosis and Bang's, but not necessarily from areas where all the herds are free of these diseases. As long as the German requirements are less stringent, the United States Army will not approve having the milk for United States personnel bottled in the same rooms, and with the same equipment, that is used for pasteurizing and bottling the supply which is sold to the native Germans. This is the reason why the Moha association has had to expand the Frankfurt-Sossenheim plant and now in large part has duplicate facilities. The fluid milk operations are an important part of the total Moha business. Total sales made by the Moha Cooperative Association in 1957 amounted to over 37 million D.M's (slightly under 9 million dollars) an increase of more than 1½ million from the year before. The percent of total D.M sales from individual items of milk and dairy products for 1955 and 1956 was as follows:

Items	1955	1956
	. . Percent of total.	
Fluid milk	68.4	68.5
Fluid cream	6.8	7.7
Milk drinks (choc. milk, buttermilk, yogurt, etc.)	5.1	3.8
Butter	8.8	9.2
Cheese, supplies and misc. items	10.9	10.8
	100.0	100.0

It will be noted that about 80 percent of total sales were made up of the first three items, which are consumed in liquid form, and for which Moha now has practically duplicate processing and bottling equipment.

As previously indicated the operations of Moha are not limited to the central

operations at Weismüllerstrasse in Frankfurt. The main bottling plant is operated in Frankfurt-Sossenheim. A wholesale distribution point is maintained at Offenbach. In addition to these three operations, processing and bottling facilities are maintained in towns farther away from Frankfurt, including Gelnhausen and Usingen.

The sales of milk and milk products through the Moha association have greatly exceeded the volume taken in directly from milk producers. The volume received directly from producers fell off quite sharply from 1955 to 1956 which is assumed to be largely the result of a speeding up of the tuberculosis and Bang's eradication program. Apparently a larger number of dairy cows from diseased herds are being sold than the number that are re-purchased. Because the Moha sales of milk and milk products are considerably above the volume of milk coming directly from producers through Moha plants, a considerable volume of milk has been purchased from outlying milk receiving plants that are not owned by the association. The volume of purchases directly from producers, and from other plants, during the last three years has been as follows:

Year	Directly from producers	From other plants	Total purchases	Percent directly from producers
	Volume in kilograms			
1954	35,702,000	28,629,000	64,331,000	55.5
1955	35,144,000	34,524,000	69,668,000	50.4
1956	34,419,000	32,467,000	66,886,000	51.5

The total volume of milk purchases have varied during these years because of variations in sales, and so the percent of the total volume which was purchased directly from producers has also varied. However, it will be noted that there has been a steady decline in the absolute volume received directly from producers, and there was indication at the time of the visit at the Moha association in October, 1957 that the volume would again be lower in 1957. As mentioned, the assumption is that the decrease in the volume of milk received directly from producers was due to increased emphasis on disease eradication in the herds. The following figures in-

dicate the percent of the total volume of milk which was received directly from producers that came from tuberculosis free (not necessarily Bang's free) herds:

Year	Percent
1955	24.0
1956	55.3
1957 (June)	87.1
1957 (November)	91.8

Details have been presented here regarding the Moha Cooperative Association milk bottling and processing operations, with special reference to the Frankfurt-Sossenheim plant. A very similar project was developed in Austria with the help of Marshall Plan loan funds at about the same time. This plant is located in Stainach, Austria. A detailed report on that project would be much like the one presented here for Moha. It was mentioned by American personnel in Vienna, Austria in 1957 that the Stainach plant, and the operations of this association, have been a demonstration for other plants and associations in Austria. Good progress has also been made in the program of eradicating tuberculosis and Bang's disease, by the milk producers who are patrons of the Stainach plant. It was indicated that this association has in the neighborhood of 4,000 member-patrons. Milk is also being supplied to the United States Army from the Stainach plant, along with the milk supplied by the Moha association Frankfurt-Sossenheim plant, and from three other plants, of which one is located in France, one in Holland, and one in Denmark.

The efforts in assisting dairy processing and marketing association in Marshall Plan countries, and the Marshall Plan loans that were made to help them along, seem to have had a definitely favorable impact on the dairy industry of Western Europe.